Market share profile for selected DIY products: Total DIY market share vs. Atlanta market share—1982-83

	Fasteners		Cabinet hardware		Hand tools		Power tools		Paint sundries		Lumber	
Type of outlet	Total DIY	Atlanta market	Total DIY	Atlanta market	Total DIY	Atlanta market	Total DIY	Atlanta market	Total DIY	Atlanta market	Total DIY	Atlanta market
Home centers	37.4%	29.2%	41.5%	32.0%	13.2%	12.6%	8.1%	11.5%	15.9%	12.7%	51.9%	49.7%
Warehouse home centers	—	27.1	—	24.8	—	21.8	—	23.1	—	16.6	—	35.3
Lumber/building mat'l outlets	20.4	2.1	6.9	2.4	3.2	0.8	2.5	—	6.9	0.9	40.8	7.5
Hardware stores	22.6	25.8	12.3	20.8	13.3	18.1	9.6	5.1	14.7	7.4	1.8	3.7
Discount stores	8.0	7.9	11.5	4.8	13.2	7.6	14.4	5.8	15.0	13.1	1.0	1.6
Sears	3.2	2.9	7.7	3.2	33.0	32.8	41.9	42.9	18.4	23.6	—	0.5
Specialty stores	1.2	0.8	10.8	9.6	2.7	1.7	2.7	1.7	23.9	22.3	0.7	0.5
Wholesale	0.7	2.1	1.5	1.6	1.0	0.4	1.5	1.9	0.1	—	1.2	1.1
Other	6.5	2.1	7.8	0.8	20.4	4.2	19.0	5.9	5.1	3.4	2.6	0.1

Base: 2,000 persons

Source: National Retail Hardware Assn.; Do-It-Yourself Institute

Warehouse stores dominate market share for selected products bought in Atlanta, at the expense of other retail outlets' share.

NRHA study reveals:

Warehouse stores erode L/BM outlets' base

CHICAGO—Warehouse home centers are apparently winning the majority of their market share from lumber and building material outlets, and to a lesser degree from existing home centers, a new study has found.

According to studies of the north Atlanta and New Orleans retail home improvement markets, conducted by the National Retail Hardware Assn., warehouse home centers have also been found to dominate market share in five out of eight major product categories, based on the incidence of consumer purchases.

Consumers in those markets, meanwhile, tend to rank warehouse stores above other home centers, hardware, discount and department stores on their ability to deliver the best price, the widest assortment and the best value.

The study, conducted last July and released early this month at a seminar here sponsored by the NRHA, also found that price differences between warehouse stores, home centers and other retail outlets are not as extreme nor as obvious as consumers generally perceive.

A price check of 125 items in Atlanta and New Orleans revealed, for example, that West Building Materials had the lowest price "index" (.85) compared to K mart (.91), House Works (.98) and Harry's Ace Hardware (1.03). Yet, consumers thought House Works clearly had the best prices, and ranked West third among the four competitors.

When Atlanta consumers were polled about where they bought selected products, warehouse stores captured a dominant portion of consumer purchases, compared to building materials outlets and hardware stores, although they tended to trail home centers.

More significant, however, was the relatively low proportion of consumer purchasing incidence held by Atlanta lumber and building materials outlets for these products, compared to such outlets nationally.

Figures from the DIY Research Institute, from a survey last December, showed for instance that 51.9% of United States DIYers had made their last lumber purchase at a home center, while 40.8% made their purchase at L/BM outlet.

In Atlanta, however, while home centers had a 49.7% share of lumber purchase transactions, warehouse stores had a 35.3% share, and L/BM outlets garnered only 7.5% of transactions, the NRHA survey found (see chart).

Warehouse outlets have also apparently won a significant portion of north Atlanta's paint sales from hardware stores, and L/BM outlets. After Sears and specialty stores, which dominate retail paint sales, home centers accounted for 15.9% of consumer purchase transactions, according to the national study. They were followed by discount stores (15%), hardware stores (14.7%) and L/BM outlets (6.9%).

In the Atlanta survey, however, warehouse stores captured 16.6% of the area's paint purchases, compared to 13.1% at discount stores, 12.7% at home centers, 7.4% at hardware stores and a scant 0.9% at L/BM outlets.

Warehouse stores were not included as a type of store in the national breakout, and figures comparing purchases before and after the existence of warehouse stores in Atlanta were not available in the NRHA report.

When looking at eight major product categories, the study found that the Home Depot cap-

(Continued on page 49)

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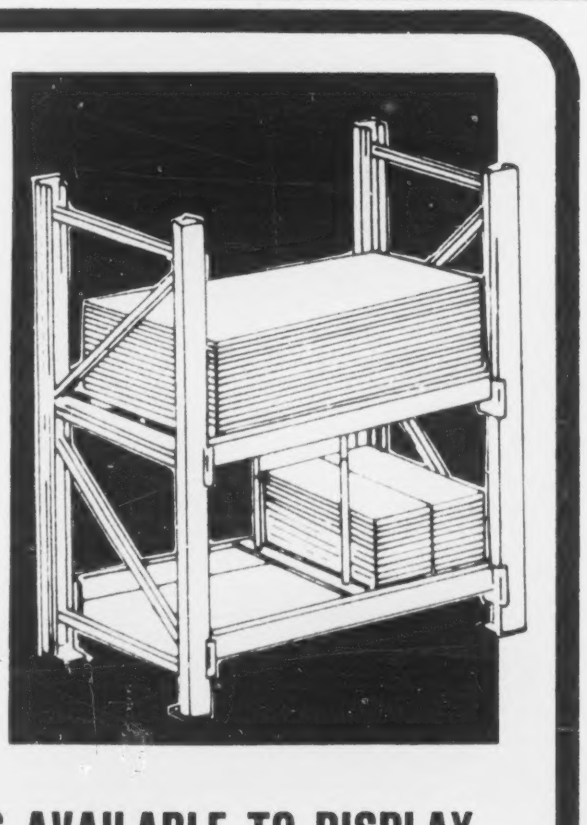

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LUMBER REPORT

Climbing interest rates knocked bottom out of lumber price levels

But long-term outlook bright

By Hawk Furman
Special to NHCN

Devastation is the best description of what happened to the lumber market in late July and August. Western s-p-f random lengths 2x4s were priced at $238 per thousand board feet F.O.B the mill on June 17. But by the end of August prices had dropped to $167 per thousand board feet F.O.B. the mill. This drop in price of $71 per thousand board feet meant a decline in value of $5,000 per carload. What happened to the lumber market and where does it go from here? The answers to these questions lie with interest rates, retail inventories, builders confidence and production.

Nothing affects building like changing interest rates. The upward movement of interest rates in May had an immediate affect on housing. The grand blow to housing came when the Department of Housing and Urban Development raised the rate three times on loans backed by the Federal Housing Administration from 11.5% in June to 13.5% in August. Loan applications fell off quickly as it is estimated that a 5% point rate increase shuts off 1.5 million families from being able to afford a mortgage.

Retailers are cautious. It has been an unbelievable year for retailers of lumber as volumes and profits exploded. In an attempt not to give it all back, many are cutting their lumber inventories. They are buying on a needs only basis. This appears to be an excellent strategy because wholesale and mill inventories are adequate to meet immediate needs and with the tremendous volume of production and falling demand, it does not appear to be the time to speculate on price escalation.

Builders confidence has soured due to increasing mortgage rates and higher costs of materials. The National Association of Home Builders survey of members found in June that 15% of those surveyed foresaw poor business for the coming six months as compared to July when 25% of the contractors surveyed foresaw poor business for the coming six months. Even through July, total housing starts were reported down only 6% to an annual rate of 1.74 million, single-family starts were off 11.9%. There is considerably more lumber, plywood and panelboard used in a single-family unit as compared to a multi-family unit.

Hawk Furman, president, Furman Lumber, Boston

The beat goes on! There have been no major cutbacks in lumber, plywood and panelboard production. Most of the mills in North America made a little or a lot of money in the first half of 1983. They are reluctant to curtail production, because they do not want to miss a fall rally. They are all praying that the other guy will shut down, allowing them to move their production and get a higher price. It is not going to happen. The export market is in poor shape and cannot be used as a relief valve for the excess production.

At current interest rate levels, unless production is cut voluntarily or a Canadian wood workers strike occurs, prices should continue to deteriorate going into fall when demand for wood tapers off because of seasonality.

Awful short-term

Short-term things look plain awful for the lumber market. There are high interest rates, over production, and the building season is drawing to a close. The long-term outlook is bright.

The presidential election is approaching in 1984 and, unless politics have changed, you can expect lower cost money coming into the marketplace enabling more families to afford housing. A sign of the future rate cuts came Aug. 22, when the F.H.A./V.A. mortgage rate dropped to 13% from 13.5%. Inventories at the retail level are being cut which sets the stage for restocking in winter or early spring. Chances are great that there will be production curtailment and some mill closures during the fall.

It appears likely that 1984 could be a banner year for the lumber market with substantially higher prices.

STOCK PRICES

	As of 8/31	52-week		P/E Ratio
		High	Low	
Boise Cascade (NYSE)	37¾	47⅜	25⅝	26
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	14⅞	19½	7	—
Forest City (AMEX)	28½	30⅝	13	18
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	44½	50⅜	34⅞	13
Lowe's (NYSE)	25⅞	32¾	11¼	23
Pay 'N Pak (NYSE)	17⅝	24	16⅝	13
Payless Cashways (NYSE) [Furrow]	25¾	34½	13⅛	28
Scotty's (NYSE)	15½	21⅛	12¾	16
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	15¼	16½	9	—

Nasdaq national—over-the-counter stocks

	As of 8/31	52-week		P/E Ratio
		High	Low	
Hechinger	24⅝	38½	16⅜	—
The Home Depot	27½	31⅛	6⅛	—
Pay 'n Save	23¼	27⅝	11	—

Over-the-counter stocks

	As of 8/31		52-week	
	Bid	Asked	High (Bid)	Low (Bid)
Erb Lumber	17½	19	23	8½
Home Centers of America	8	8¾	12½	5
Home Centers of America [units]	25	26½	38	13¼
Hines Lumber	26½	28	31	14
Scotts Seaboard [Scott's]	4½	5¼	4¾	⅝
Wolohan Lumber	6¾	6⅞	10⅛	3⅞

SALES & EARNINGS

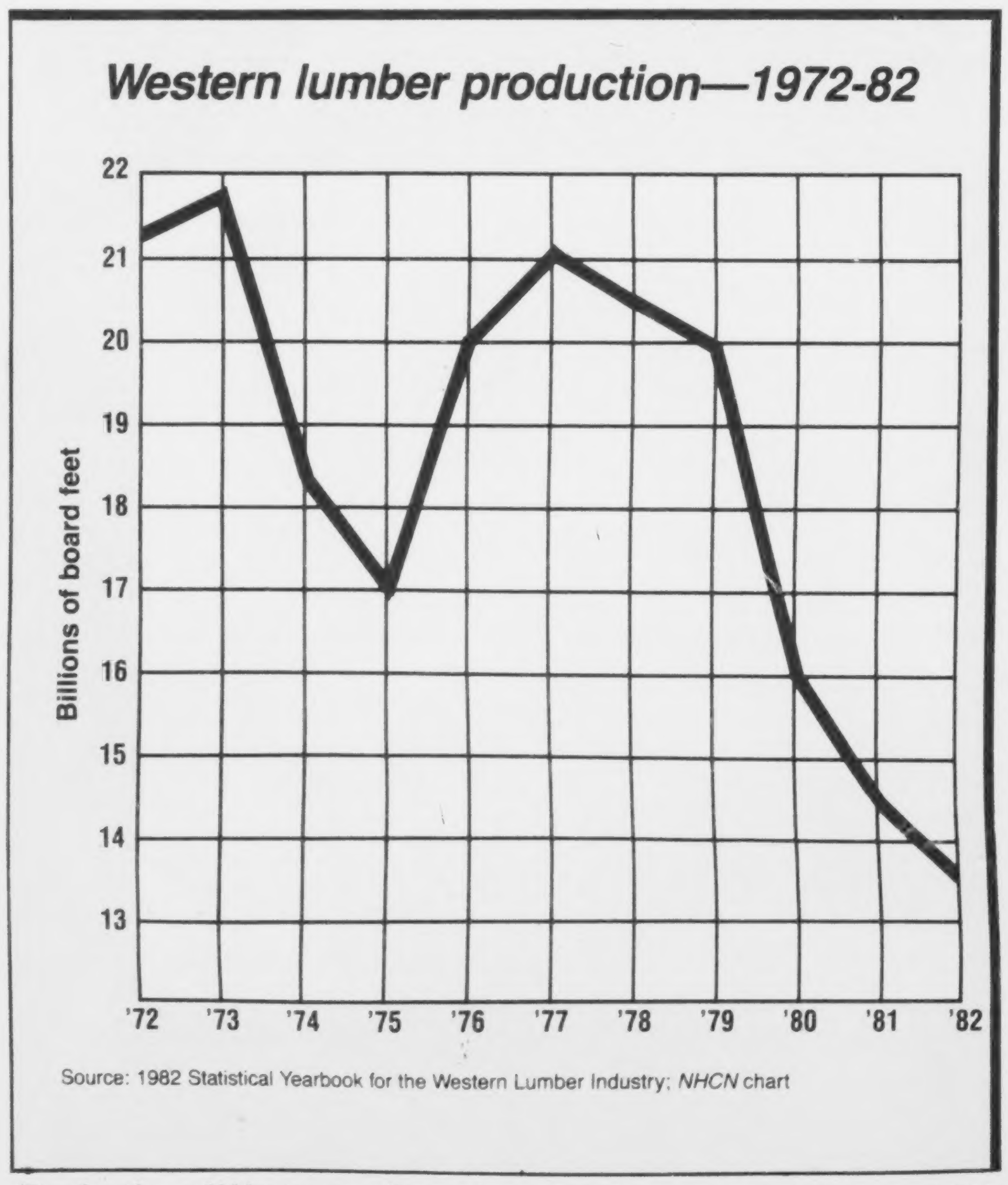
Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Hechinger	7/30-2nd qtr.	$ 87,748	$ 67,228	31	$ 5,013	$3,004	67
The Home Depot	7/31-2nd qtr.	66,613	33,063	101	3,355	1,923	74
Pay 'n Save	7/30-2nd qtr.	284,856	263,188	8	7,416	4,055	83
Rickel Home Centers	7/30-2nd qtr.	84,000	66,671	26	—	—	—
Scotts Seaboard	7/30-2nd qtr.	10,556	8,282	27	1,001	80	1,151
Wickes	7/30-2nd qtr.	752,684	693,093	9	11,663	– 566	—

*$ in thousands

Source: Company reports

'82 Western lumber production: Lowest output in past 37 years

PORTLAND, Ore.—Production of Western softwood last year was the lowest since 1945, according to figures released early this month by the Western Wood Products Assn.



Source: 1982 Statistical Yearbook for the Western Lumber Industry; *NHCN* chart

Production of Western softwood reached its lowest point since 1945 last year when only 13.7 billion board feet were produced compared with about 20 billion board feet in 1979, according to the Western Wood Product Assn.

Hurt by slackened demand that resulted from the recession and a drop in housing starts, softwood production totaled only 13.7 billion board feet in 1982 compared with 20 billion board feet in 1979.

The WWPA noted that home building generally accounts for about 40% of the region's lumber production.

Also, the wholesale value of lumber produced in the West was off significantly in 1982, according to the WWPA. The Association noted that the wholesale value of $3.17 billion was the lowest since 1975 when production of 17.3 billion board feet was worth $2.9 billion wholesale. In 1981 Western softwood production totaled 14.9 billion board feet for a wholesale value of almost $4 billion.

Forest product industry employment was also off in 1982 to a total of 176,600 workers compared with 210,300 a year earlier, according to the WWPA. And the number of mills that produced at least during part of last year totaled only 687 compared with 728 in 1981.

The Association's statistics are compiled from these 12 Western states: (in descending order of mill production): Oregon, Washington, California/Nevada, Idaho, Montana, Arizona, New Mexico, Wyoming, South Dakota, Colorado and Utah. (The WWPA combines California and Nevada results).

South Dakota was the only state that experienced a production increase—to 126 million board feet from 79 million board feet in 1981. Oregon, the nation's greatest lumber state, produced 4.7 billion board feet, valued at $1 billion compared with 5.1 billion board feet, worth $1.3 billion in 1981.

FUTURES

Two weeks ended Sept. 2, 1983

LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
Sept.	178.50	160.00	160.00	172.80	1,877	240.40	160.80
Nov.	191.80	172.20	172.30	182.70	4,879	229.90	168.00
Jan. '84	202.80	184.30	184.40	194.00	1,197	234.00	179.00
March	212.70	196.80	197.30	205.00	434	240.50	192.00
May	218.70	205.50	206.10	213.00	148	245.50	200.40
July	227.60	217.00	217.10	224.00	68	252.50	210.00
Sept.	236.00	225.00	226.80	233.00	27	236.00	218.00

Total Contract Vol. (Through 9/2): 28,748 **Previous Two Weeks: 35,850**
Total Open Interest (As of 9/1): 8,630 **Previous Week: 8,759**
Cash Price: $160.72 **Previous Week: $165.62** **Year Ago: $133.28**

PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
Sept.	184.50	172.80	175.20	178.30	93	223.90	172.80
Nov.	189.00	177.20	179.00	182.30	641	226.60	177.20
Jan. '84	191.50	180.50	181.30	184.80	115	223.00	179.70
March	194.80	184.50	185.90	188.10	230	225.00	183.00
May	190.50	187.50	188.90	NT	20	190.50	187.50
July	193.80	190.50	191.90	NT	10	193.80	190.50

NT—Not Trading

Total Contract Vol. (Through 9/2): 2,404 **Previous Two Weeks: 1,918**
Total Open Interest (As of 9/1): 1,109 **Previous Week: 1,354**
Cash Price: $181.30 **Previous Week: $182.28** **Year Ago: $172.48**

	This Week	Previous Week	Year Ago
COMMODITY RESEARCH BUREAU INDEX:	**278.9**	**281.6**	**238.9**

CME—Chicago Mercantile Exchange CBT—Chicago Board of Trade
*Figures for Thursday, Sept. 1.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Warehouse stores erode L/BM outlets' base

(Continued from page 4)

tured the highest percentage of consumer purchases in Atlanta for hardware, plumbing, electrical, lumber and building materials. Sears led in paint and tools; K mart led in lawn and garden supplies.

Similarly, in New Orleans, warehouse stores also dominated the market in most product categories. House Works led in purchase transactions for hardware, lumber and building materials; Home Depot led for plumbing and electrical; Sears led for tools, paint and lawn and garden. (Home Depot debuted in New Orleans in July, just shortly before the survey was made.)

The survey did not attempt to measure dollar volume share.

As part of the seminar presentation, Home Depot chairman Bernie Marcus, Lowe's chairman Robert Strickland, Home Centers of America chairman Frank Denny and H.W.I. vp sales and marketing vp Mike McClelland commented to an audience of some 200 manufacturers on how they saw the retail home improvement market evolving.

Strickland cautioned the audience to keep their eyes on "the long distance runners, not just the sprinters." He described the industry as one "in a state of both maturity and ferment," and agreed with NRHA estimates that warehouse stores, at maturity, would account for 8% of total DIY sales.

"Lowe's will go after the other 92%," he quipped, noting that the 235-unit chain "is positioning itself as a specialty operator" compared to Home Depot, which he saw as a discount store and Hechinger, which he likened to a department store.

Marcus and Denny both implored manufacturers to ensure that merchandise is delivered completely and on time. Marcus defended Home Depot's position of demanding wholesaler prices by insisting the Atlanta-based chain functions like a wholesaler, with the warehousing of goods; it simply sells to consumers instead of reselling to retailers, he said.

McClelland, meanwhile, warned manufacturers not to overlook the merchandising, advertising and marketing power wholesale co-ops offer.

Performance Ranking: Atlanta

Merchandising*

(Scale: 1 to 10)	Home Depot	Handy City	K mart	West Building Materials	Sears	Smith Ace Hardware
Price	8.6	7.2	8.0	7.7	7.1	6.1
Quality	8.3	7.9	6.7	7.8	7.9	8.8
Assortment	8.5	7.6	6.6	7.5	7.3	8.1
Convenience	8.2	8.3	8.0	7.7	8.0	8.5
Service	7.6	7.3	5.6	7.1	7.0	7.8
Good Value	8.6	7.4	7.6	7.7	7.9	7.3

Market Share**
(Top Three—Based on "Last purchase" incidence)

	Home Depot	Handy City	K mart	West Building Materials	Sears	Smith Ace Hardware
Hardware	28.4%	16.4%	6.7%	NR	NR	NR
Hand/Power Tools	22.4	6.9	NR	NR	37.0%	NR
Plumbing/Heating	29.2	8.7	NR	NR	11.7	NR
Electrical	31.7	8.5	8.0	NR	NR	NR
Paint/Sundries	17.7	NR	8.8	NR	35.3	NR
Lumber	35.3	12.8	NR	11.8%	NR	NR
Building Materials	37.5	11.7	NR	14.8	NR	NR
Lawn & Garden	9.9	NR	28.5	NR	11.5	NR

Source: National Retail Hardware Assn.; *NHCN* chart

*A competitive rating of 10.0 would imply an outstanding image for a competitor.

**NR—Not ranked among the top three; figures represent purchasing incidence only, and do not necessarily reflect dollar volume share.

Warehouse stores, like Home Depot, score high in the eyes of Atlanta consumers among retail outlets on price, value and assortment. That has helped Home Depot take top spots in market share in five of eight product categories, based on purchase incidence.

Two more Home-Pros

(Continued from page 2)

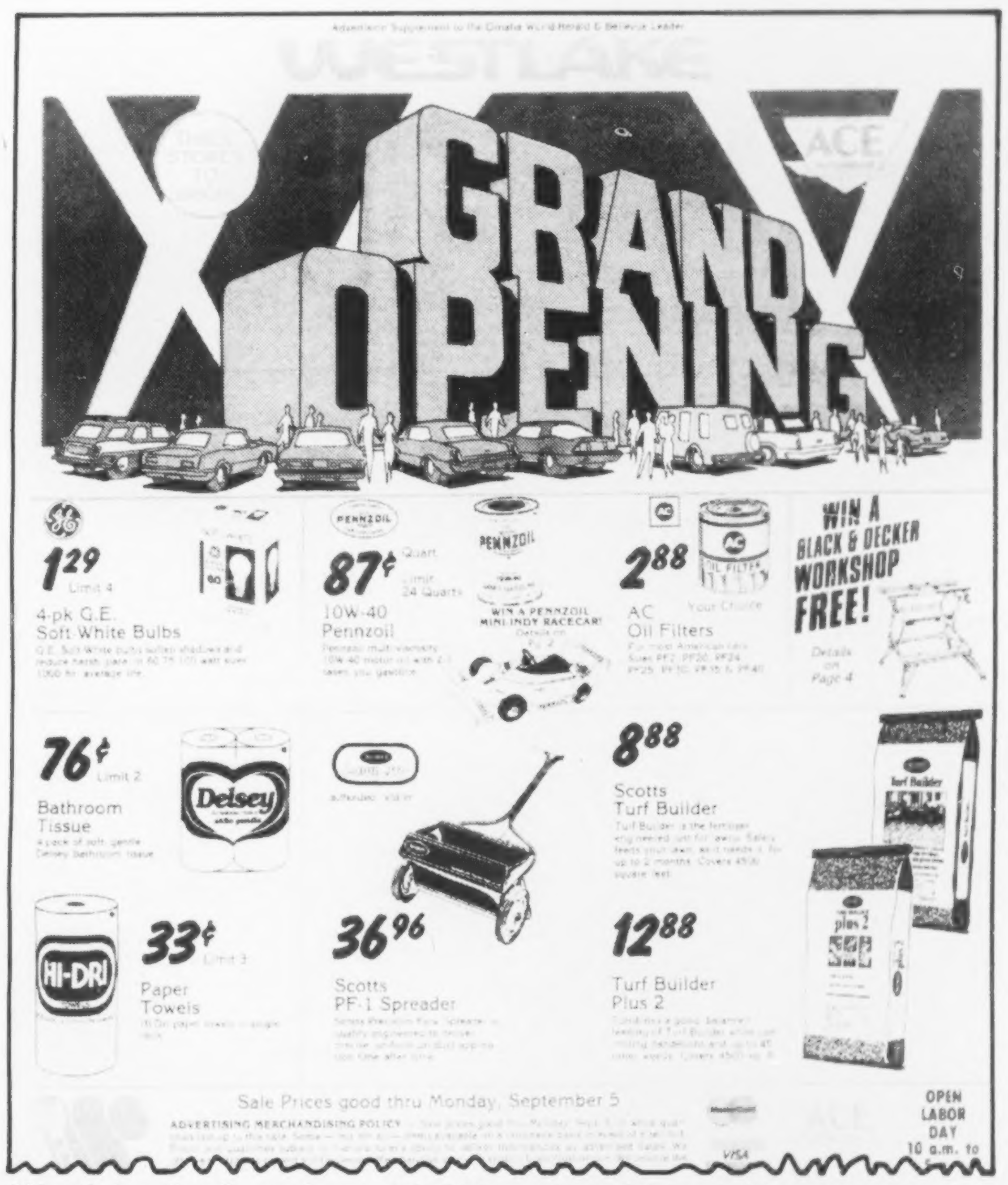
of plywood and instead are offering high-grade lumber like clear pine and clear fir on cantilever racks."

Besides merchandise changes, the store's high-volume lumber and building materials appeal has also required physical alteration of the original store design.

"We couldn't get lumber and building materials out of the store fast enough," Denny said.

To better accommodate the heavy check-out traffic that was backing up down the main aisle of the original San Antonio store, a roll-up door exit used for bulk items was moved from one side of the storefront to the other. A regular exit replaced it and an additional cash register was installed. The renovation was made at all existing Home-Pro units and the new configuration will be used at future stores.

The company also changed its grand opening promotion somewhat in Corpus Christi. A four-hour preview sale was held the night before the official opening. But rather than offer all items at 20% off, as had been done previously, only selected products were sale priced.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Westlake distributed over 90,000 copies of this eight-page color tab in the Omaha World Herald *and other papers serving Bellevue, Neb. Another 100,000 copies were distributed in Oklahoma City papers.*

Westlake opens stores in two new markets

(Continued from page 2)

politan papers, including papers serving Midwest City, Okla., just to the east. Over 90,000 copies of eight-page color tabs were also distributed in the *Omaha World Herald* and also in papers serving Bellevue, Neb.

Bands from junior and vocational colleges in the market areas played in the parking lots outside the new stores, while jugglers on roller skates and magicians worked the stores. Vendors provided clinics on subjects as diverse as lawn care, deboning chickens, knife sharpening, stain removal and house plant care.

Westlake allocates about 5% of estimated sales for advertising during the first year of a store's existence. About 10% of that amount is spent for grand opening promotions. Of that amount, about 70% is spent on media advertising.

Calif. Pacific SW Assn. joins winter show support

CHICAGO—The California Pacific Southwest Hardware Assn. has agreed to be the participating association in support of the Winter National Hardware & Home Center Show in Las Vegas, Feb. 11-13, 1984.

The association, the fourth largest affiliate of the National Retail Hardware Assn., resulted from a merger of the California Retail Hardware Assn. and the Pacific Southwest Hardware Assn. in July. It has over 1,200 retail members in California, Arizona, Hawaii and western Nevada and also serves retail members in Mexico, Guam and Australia.

During the show, the National Retail Hardware Assn. will demonstrate a Merchandising and Display Concept Center. According to William P. Farrell, executive director of the American Hardware Manufacturers Assn., "This model is the store of the future for retailers. Its purpose is to transform the conventional store into an effective selling place. . . ."

Other features include a New Product Exposition, Packaging Showcase and Export Assistance Program.

Ground fault circuit interrupters: Promos entice skillful DIYers

NATIONAL REPORT—Ground fault circuit interrupters, electrical safety items that traditionally have drawn only contractor interest, are beginning to catch on with homeowners as DIYers tackle more sophisticated projects.

Companies like Gee Lumber and Star Lumber claimed to have seen sales among consumers increase substantially through aggressive pricing and promotion. On the other hand, Scotty's Inc. of Winter Haven, Fla., reported that product sales have grown more through code requirements than merchandising techniques.

In either case, manufacturers say the consumer segment of the GFI market has grown substantially over the past five years, although contractors continue to account for more than 90% of the purchases made. This year's market is expected to fall somewhere between $40 and $50 million, with receptacle models outselling breakers by about 3 to 1.

Harry Miller, the electrical buyer for Gee Lumber & Hardware Co. of Chicago, said he began promoting GFIs in tabloids six to eight months ago in response to slow activity in the housing and home building markets. "No one was running ads on them, everybody assumed they were a contractor sale," he recalled.

"But with housing down, I decided to try it," he continued. "They sold enough during the promotions to make me sit up and take notice."

Miller said GFIs have been carried in three subsequent tabloids, with each promotion yielding stronger sales than the last. He added that sales have not detracted from margins, which are said to range between 35% and 40% for some retailers.

"It's turned out to be an excellent product," Miller said. "I think it shows that people are becoming more sophisticated about the kind of home project they're willing to try—I know it's a cliche, but it's true."

The buyer said about 75% of his sales in GFIs come from the DIY consumer.

The spokesman for an East Coast manufacturer, whose retail accounts have doubled in the past two years, said GFI sales have won support from the National Electrical Code, which requires their use for bathroom and outdoor receptacles in newly constructed homes. The Consumer Product Safety Commission also encourages use of the products for basement and kitchen outlets.

Such support stems from the products' ability to prevent electrocution and serious injury from faulty grounds in electrical appliances. The devices are designed to measure the flow of electricity passing to and from a given outlet or circuit, and shut power off completely when there is a discrepancy of more than five milliamps. The shutoff takes place within one-fortieth of a second; electrocution can occur within one-tenth of a second at an energy level of 380 milliamps.

Retailers who claimed success with GFI promotions say that safety factors must be explained to consumers to justify the cost of the products. Ground fault receptacles retail for about $25, while breakers are made available to consumers for between $40 and $60. Normal circuit breakers meanwhile are sold at between $12 and $20, while duplex receptacles are available for 59¢ at some home centers.

In addition to their own promotions, retailers are drawing support from new DIY packaging used by some manufacturers to present the devices' safety merits as well as installation instructions.

Tim Fox, the electrical buyer for Star Lumber & Supply Co. of Wichita, Kan., said he has done well with the products without promoting them, partly because of the advertising done by other home centers in that region of the Midwest.

According to the buyer, the products have been footballed by some of the larger home center chains, causing prices for GFI receptacles to vary between $12.95 and $24.95.

While Fox said GFI sales make up an insignificant portion of the three-store independent's overall electrical sales, he said the products' turns and margins are enough to justify the number carried on the shelf. "A retailer could expect to get about a 40% margin—maybe 33% on a sale item" the buyer explained. "We get about five to seven turns in a year—that's enough to justify the six or eight items we have on our shelves."

Miller said he sells few GFIs to contractors, since electricians are able to procure the devices at lower rates from electrical supply wholesalers.

The south Florida area seems to be prime country for GFI sales both because of high humidity and a large number of swimming pools. According to Bernard Perkins, electrical buyer for Scotty's Inc., those factors plus code regulations requiring the devices in bathrooms and swimming pools, have conspired to generate healthy sales in the category.

Perkins said the devices sell at a rate of about 50 per week, split evenly between receptacles and breakers. "We brought them on a year and a half ago because they were becoming a necessity in Florida with the high humidity, pools and patios," the buyer explained. "In certain areas they're more recognized as a must because of the electrical codes."

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The NHCN Brands Report—pp. 19-55
Western Home Center Show preview—pp. 15-16

National
Home Center News ®

Vol. 9, No. 21 The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. October 10, 1983

Diamond Int'l selling its 97-store retail division

DIAMOND
LUMBER·BUILDING MATERIALS
DIAMOND

Dallas-based Michigan General has agreed to purchase all of Diamond International's 97 stores, operating in 15 states from Washington and California to Florida and Maine, for $120 million.

By Greg Puchalski
NHCN senior editor

NEW YORK—Diamond International has agreed to sell its 97 home centers for $120 million to Michigan General, a Dallas-based holding company for nine other businesses.

The deal is part of Diamond's continuing effort to divest itself of various businesses as Sir James Goldsmith attempts to raise funds to pay off the $455 million in bank loans he accumulated in acquiring the company last year.

Michigan General officials have signed a letter of intent to acquire the stores for $65 million in cash, $5 million in preferred stock, $10 million in common stock and $40 million in notes. They were seeking to consummate the deal possibly as early as late last month.

Officials at the companies said they could not comment further on the sale. However, Michigan General president John Boudreau said the 97 outlets would continue to operate under the Diamond name.

Among Michigan General's holdings are Krestmark, makers of aluminum doors and windows, storm doors and skylights and a chain of 81 ladies and children clothing stores operating under the Allied name in Alabama, Florida, Georgia and South Carolina.

Michigan General's volume last year reached $152 million. In the first half of this year, sales were up 8% from the previous year to $75.3 million.

Acquisition of Diamond's retail group would more than double the size of Michigan General. The 97 outlets operate in the 15 states of California, Colorado, Connecticut, Florida, Idaho, Kansas, Maine, Massachusetts, Missouri, New Hampshire, Rhode Island, South Dakota, Texas, Washington and Wyoming. The company's Oregon stores were all closed last spring.

Diamond had sales of $207 million last year and was reportedly doing better this year under the improved housing picture of 1983.

Diamond got into the retail lumber business before World War I with the purchase of seven units from the Sierra Lumber Co. in California. The company built its retail holdings to better than 120 stores in the last five years with the key acquisition of LMF Corp.'s 52 stores occurring in late 1978.

Diamond's peak retail year in terms of financial results occurred in 1979 when it posted operating income of $28 million on sales of $356 million.

However, the stores suffered through the home building depression of the 1980's since, on the average, a Diamond store

(Continued on page 74)

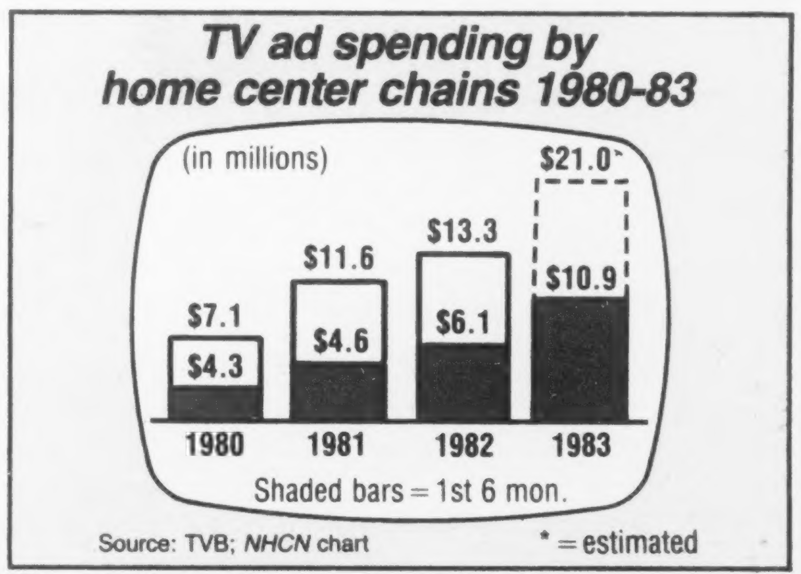
Top TV spenders up ad dollars by 79% in 1st half

NATIONAL REPORT—Payless Cashways led the industry in television advertising for the first six months of 1983 with expenditures representing more than one-fifth of the $10.9 million spent by the industry's top 15 TV advertisers combined.

According to estimates released by the Television Bureau of Advertising, Scotty's Inc., of Winter Haven, Fla., posted the largest increase in TV spending with a total expenditure of $550,800 by June 31. Meanwhile, Scott's and House Works made their debuts on the top 15 listing with expenditures of just over $200,000 each.

TVB estimated that Payless Cashways spent about $2.3 million on television advertising from January to June, constituting a 558% increase over the $351,000 spent during the same period last year.

The figures do not include an additional $212,000 spent by Lumberjack, which was acquired by Payless last January. The current Payless Cashway estimate is just $157,000 less than the $2,471,900 spent during all of 1982 by Builders Emporium, which led last year's top 15 chart.



Source: TVB; *NHCN* chart * = estimated

The industry's top 15 TV advertisers spent nearly as much on the medium during the first six months of this year as they did for all of 1982.

Dale Pond, Payless' vp of marketing, advertising and communications, said the 117-unit Kansas City, Mo., chain began its full-fledged television campaign in August 1982, after analyzing the results of a three-month test market study. The resulting commercials aimed

(Continued on page 74)

18%-20% sales gains predicted in 1983 by home center firms

NATIONAL REPORT—Home center companies expect their sales to rise an average of 18% this year, spurred on primarily by a revitalized housing market and overall improvement in the economy.

Larger companies, with annual volumes exceeding $10 million, expect sales to increase at a somewhat faster rate than the industry as a whole, roughly by 20% to 21%.

More than four-fifths of all home center stores, and over 96% of outlets belonging to companies whose sales are $10 million or more, expect sales this year will surpass 1982 figures.

These were some of the findings in a new survey of 173 companies operating 2,170 home centers across the nation, conducted for *National Home Center News* by Leo Shapiro & Associates, a Chicago-based market research firm. The survey's data are projectable to the United States home center industry of approximately 15,000 home improvement stores nationwide, based on the *1982 Chain Store Guide of Home Center Operators and Hardware Chains*, published by Lebhar-Friedman, which also

(Continued on page 74)

Retailers relying more heavily on national name brand products

NATIONAL REPORT—Over one-fourth of the nation's home center stores beefed up their selection of national name brand products in the past year, a new study conducted for *National Home Center News* has found.

Hardware, paint, plumbing and hand tool departments were the most-often cited departments where retailers increased their brand offerings.

In the first study of its kind in the home center industry, *National Home Center News* examines the penetration and retailer awareness of the top selling brands in 15 major categories in an exclusive Brands Report, beginning on page 19.

NEWSBREAKS

WAREHOUSE-BOUND. Homecrafters, Pelham, Ala., will open its first two Homecrafters Warehouse outlets—61,000- and 80,000-sq.-ft. units—by the end of the year in Memphis.

PAYLESS VP-FINANCE RESIGNS. Wayne Zetzman, vp-finance for Payless Cashways since 1980, has resigned to take a post as senior vp and chief financial officer for Household International, Chicago.

RETAILING STRATEGIES

Triangle takes DIY leap with new format

WILKES-BARRE, Pa.—In 1979, Triangle Building Supplies & Lumber Co. was primarily a contractor operation with only one store—a 7,500-sq.-ft. unit with 5,000 stock keeping units located in a small town near Philadelphia.

But barely a year ago, after tripling the original unit's size and quadrupling its sku count, the company moved its retailing thrust into even higher gear with the opening of a 42,000-sq.-ft. store. Sales at both locations have been so good that Triangle decided to launch a 60,000-sq.-ft. unit, which opened here Sept. 10, with 30,000 sku's.

Company officials are now planning to open seven more stores over the next three years, all with at least 60,000 sq. ft. and 30,000 sku's. The first is scheduled to open early next year at an undisclosed location.

Triangle's owners, Harvey and Irwin Kroiz of Quakertown, Pa., have witnessed vast changes in business strategy since a decade ago, when their company had only 1,000 sq. ft. of retail space. Harvey Kroiz, the company's president, said an all-out retail effort began in

(Continued on page 67)

Triangle's (l-r) Harvey Kroiz, president; Thomas Ostrander, retail div. mgr., and Irwin Kroiz, exec vp, in paint department of their new 60,000-sq.-ft. prototype store in Wilkes-Barre, Pa. NHCN photo

NHCNews Briefs

Industry Update

Fred Meyer going public, again

PORTLAND, Ore.—The 65-unit Fred Meyer chain here, with sales last year exceeding $1 billion, is considering going public again only two years after its 7.4 million shares of stock were sold to a private investment firm.

Company officials said that a registration statement could be filed with the Securities and Exchange Commission over the next month. But Fred Meyer's chief financial officer Jerry Sadis declined to comment further about the company's plans. "At the stage we're at right now, we are restricted by the S.E.C. to say anything about the filing, or the reasons we've decided to go this way," he said.

The action by Fred Meyer, whose stores sell everything from home improvement products to groceries, comes about 24 months after it was purchased for an estimated $420 million (or $55 per share) by the New York investment firm Kohlberg, Kravis, Roberts & Co. KKR specializes in leveraged buyouts of public companies whose stock it considers undervalued, to be sold at a later date at an anticipated profit.

Before the sale, Fred Meyer had been a public company from 1960 through 1981, according to Sadis.

Sutherland slates warehouse plus

Sutherlands
LUMBER
WAREHOUSE + plus!
HOME CENTER
NOW TAKING APPLICATIONS
$4 HR

EULESS, Tex.—Sutherland Lumber has chosen this town north of Dallas to open a 40,000-sq.-ft. home center billed as a "warehouse plus" operation.

The unit, which is housed in one of two Value Lumber outlets that closed here earlier this year, is about double the size of the four Sutherland stores already in the Dallas-Fort Worth market.

Circulars promoting those locations have already used the term "warehouse plus" to dramatize their offering, although, so far, none of these outlets have yet changed over to a warehouse-type format.

It is not known when the Euless store will open, but when it does the competitive climate should be interesting: there is a Homers and a Handy Dan within three miles.

For the moment, as the sign outside indicates, the Euless operation is looking for employees: "Now taking applications, $4 hr."

Pay 'n Pak profits rise 61%

KENT, Wash.—Pay 'n Pak reported a sales gain of 41% to $74.5 million and a 61% increase in profits to $3.09 million in the quarter ended Aug. 31.

For the first six months of the fiscal year, sales were $128.4 million, a 33% increase over the year-earlier period, and earnings were $4.66 million, a 63% increase.

David J. Heerensperger, chairman, said the results reflect "to a major degree the success of our new in-store merchandising program, which is now installed in half of the stores" in the 99-unit chain which operates in 16 Western and Midwestern states.

Heerensperger said store-for-store sales were up 33% in the second quarter, adding that the remaining 50 stores will be remerchandised by the end of the current fiscal year.

"In addition to increased sales and profits, this [in-store merchandising program] also means increased share of market," he added.

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Vol. 9, No. 21 October 10, 1983

Marcus outlines expansion plans

Price lookup system slated for all Home Depot stores

By Greg Puchalski
NHCN senior editor

NEW YORK—The Home Depot will complete an on-line point-of-sale price lookup system, already in place at six of its stores, by early next year, and adopt a perpetual inventory system at various stores by mid-1984, officials told security analysts here last month.

Chairman Bernard Marcus also said the 14-store chain will expand to as many as 19 outlets by the close of its fiscal year in January with openings in Clearwater and West Palm Beach, Fla., and in Phoenix where three stores are slated to mark Home Depot's entrance into that market.

The Phoenix units will be "radically different" from the original Home Depot outlets in Atlanta, according to the chain's chairman. However, he did not elaborate on the impending changes.

The chain plans to operate as many as 30 stores by the end of fiscal 1984, including stores in Deerfield Beach and St. Petersburg, Fla., Marcus said.

Regarding the POS price lookup system, Home Depot officials said two stores in Atlanta, two in New Orleans and units in Tampa and Altamonte Springs, Fla., already have price lookup capabilities, which permit a cashier to punch up the sku number of a desired item to obtain its price.

The system currently permits The Home Depot to track daily sku movement as goods are purchased, vice president Ronald M. Brill related.

However, as yet, it is not capable of tracking items as they enter the store. That process is expected to be in place at some stores next June when the chain begins recording goods as each unit receives them, Brill said.

He explained that because store employees at the affected locations are no longer needed to adjust prices during sale periods and at other times when prices change, the employees are saving about 25% of their time on the average. They then are able to devote that time to helping customers on the sales floor. Brill said he did not foresee cutting staff as a result of improved productivity.

It is difficult to weigh specifically the effect the system has and will have on employee productivity and product turns, the chain officials said.

While the system is put in place, the company is continuing an aggressive expansion policy which will result in a doubling of retail square footage to 1.4 million sq. ft. this year, Marcus said.

Specifically on the Phoenix expansion, Marcus said the

(Continued on page 73)

New home building remains active despite climbing borrowing rates

NATIONAL REPORT—In August, total seasonally adjusted housing starts reached their highest level since December 1978 with 1.94 million units. This surprised economists who had predicted that rising interest rates would slow down housing construction.

August housing starts were, in fact, 8.4% higher than July's, which were revised upward to show a 2.4% increase instead of the 0.6% decline first reported.

The South contributed largely to August's high level with a rise of 4% over July's seasonally adjusted figures to a record number of starts for the region of 1.03 million. A large part of these housing starts occurred in Texas.

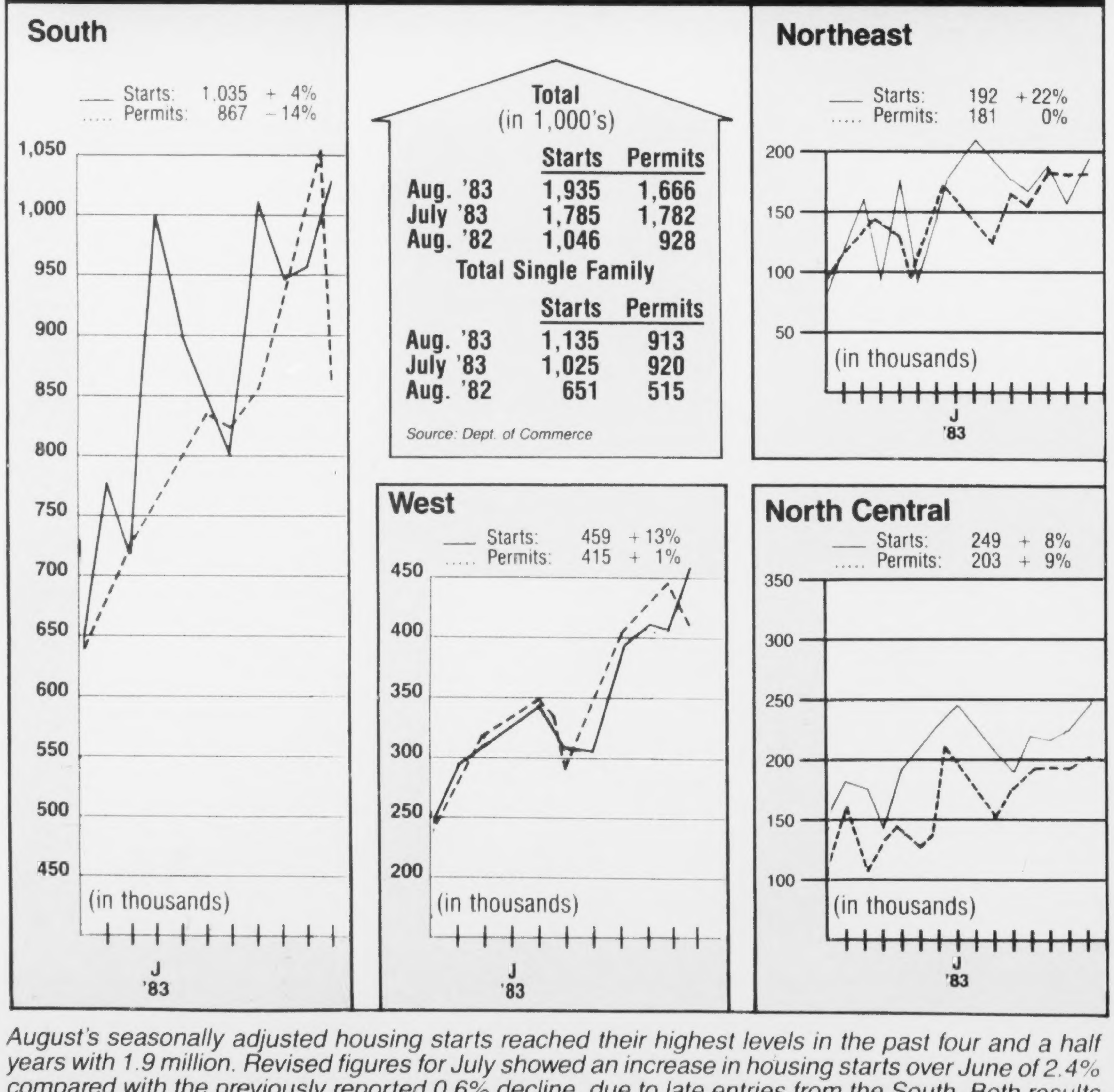
Single-family housing starts reversed their three-month decline and increased by 11% over July's seasonally adjusted figures.

However, building permits, which gauge future construction, were down by 6.5% to 1.67 million compared with the previous month. This was entirely due to a fall off in the South where permits dropped by 14% to a rate of 867,000. The Northeast recorded no change and the West increased by 1% and North Central by 9%.

Michael Sumichrast, a housing analyst with the National Assn. of Home Builders, gave two major reasons for the continued surge in housing starts. Congress allowed states to sell tax exempt revenue bonds to the public and these were being made available to builders, who in turn offered them to home buyers at a rate of 10.5%.

Low mortgage rates were also offered by builders who were "buying down" mortgages. They were selling houses for $4,000 to $5,000 more than they would normally sell, but charging a lower mortgage rate.

August home-building activity



Total
(in 1,000's)

	Starts	Permits
Aug. '83	1,935	1,666
July '83	1,785	1,782
Aug. '82	1,046	928

Total Single Family

	Starts	Permits
Aug. '83	1,135	913
July '83	1,025	920
Aug. '82	651	515

Source: Dept. of Commerce

August's seasonally adjusted housing starts reached their highest levels in the past four and a half years with 1.9 million. Revised figures for July showed an increase in housing starts over June of 2.4% compared with the previously reported 0.6% decline, due to late entries from the South. Both results surprised economists who had predicted a fall in starts and permits due to rising interest rates.

THE NHCN BRANDS REPORT

National brand name market penetration and retailer awareness in the home center industry

More retailers rely on national brand products

Name brand stocking increases over 28% at U.S. home centers

By Kenneth Schept
NHCN senior editor

NATIONAL REPORT—More than a quarter of the stores in the home center industry broadly increased their reliance on national brand merchandise this year, according to a new survey by *National Home Center News*.

While nearly 29% of the outlets were involved with this hightened storewide national brand emphasis, more than half, about 58%, added national brand merchandise to at least one department.

Storewide national brand emphasis decreased at only 5.3% of the nation's home center stores and remained even at 66.1%. The greatest storewide increase occurred at units selling to both consumers and contractors.

The greatest increase in storewide national brand emphasis occurred in the Northeast where about half the stores expanded the amount of name brands carried. On a department-by-department basis the Northeast was again strongest with almost 80% of the stores there adding name brand merchandise in at least one category.

Hardware was the product category in which name brand representation most increased last year, followed by paint, hand tools and plumbing. Just over 24% of stores took on more national name hardware, while 16.5% did the same for paint, 14.2% for tools and 10.9% in plumbing.

The study measures national brand name market penetration of the home center industry and retailers awareness of brands. It was completed for *NHCN* by Leo Shapiro and Assocs., the Chicago research firm.

The survey found few product categories where one particular brand dominates. The exceptions are hand tools, where almost two-thirds of America's home center stores carry Stanley, and insulation, where Owens-Corning is carried by more than 60% of the stores, while the next-ranking brands were in far fewer stores, proportionately. A similar situation existed in power tools, the study found: Black & Decker and Skil are both found in about 60% of home center outlets, well above the next leading brands.

Other categories, like windows, faucets, paneling and doors also have individual brands that are in a significantly greater number of stores than their competition. But in these cases the leading brands have not achieved the unusual dominance found in tools and insulation, and there are a number of competitors with sizable secondary positions in home center outlets.

The market is even more diffused in other categories like plumbing, fasteners, roofing, caulking, electricals and lawn mowers where, in general, a large number of competitors share the market, and in most instances, there are less distinct gradients of market penetration.

What survey measures

Since sales volumes by product category are generally unavailable, or oftentimes cannot be determined accurately, the survey did not investigate actual sales volumes of specific brands.

Rather, it sought to measure the degree to which brand name products are carried in the nation's home center outlets.

Consequently, the figures represent brand penetration and should not be construed to represent market share, since a brand in many stores might do no better than another brand in fewer, high-volume stores, in total sales.

Brand awareness

The survey also sought to measure retailer brand awareness, by noting which, of several brands in a category, a retailer mentioned first.

A high "first mention" score simply means a relatively high top of mind awareness, and does not necessarily mean the brand is better selling than others in the category.

However, some conclusions can be drawn in comparing how a brand scored in total mentions (the percentage of stores carrying the brand) vs. its score in first mentions (the percentage of stores where retailers mentioned the brand first). A brand that had high top of mind awareness, but a lower ranking in total mentions, could reflect a brand that is up and coming, or perhaps that trade marketing and promotions were successful in positioning the product.

Conversely, a brand in many stores, but with relatively low top of mind awareness, could be slipping in position as other brands work more aggressively to win market share.

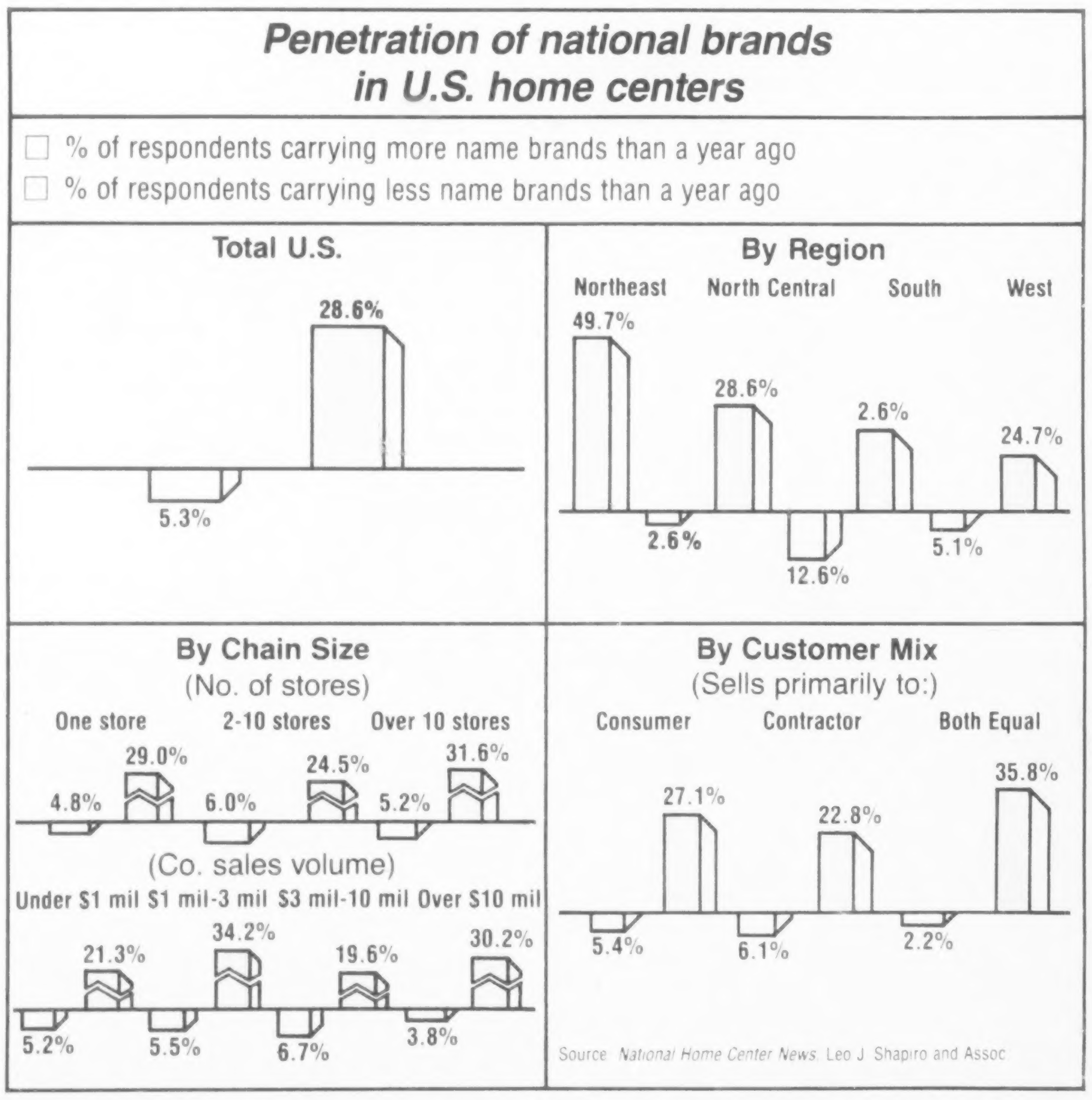
Awareness among retailers often reflects how regularly they deal with a specific brand, either because they are reordering it often, recommending it to consumers, or perhaps because the brand product is displayed prominently in the store, or sold aggressively at headquarters.

Perhaps one of the most interesting findings in the survey is the fact that many manufacturers' names are perceived by retailers as national name brands, such as Moss and Makita, even though consumers are generally unaware of these companies.

Swingline
m-d
Perma-Bilt
First Alert
Stanley
Behr
Armstrong
General Electric
Eveready
Black & Decker
Rain Bird
McCulloch
Kirsch
McGraw-Edison
Scotts
Sylvania GTE
Georgia-Pacifi

Home center retailers are showing a relatively strong move toward featuring national name brand merchandise in their stores. Home Depot, and other chains, are even displaying those names along walls near the exits of their stores to enhance name brand identity.

NHCN photo



Source: *National Home Center News*, Leo J. Shapiro and Assoc.

Name brand representation increased at 28.6% of the nation's outlets, while decreasing at only 5.3% of the stores and remaining even at 66.1%.

Brand names in hardware, paint, plumbing and hand tools gain in home center market penetration

NATIONAL REPORT—Of 15 product categories explored in a new *National Home Center News* national brand survey, hardware, paint, hand tools and plumbing this year experienced the greatest increase in brand name product penetration.

Almost one quarter of America's home center stores increased brand name selection in their hardware departments this year, while in paint 16.5% of the stores saw such an increase; in hand tools, 14.2%, and plumbing, 10.9%.

The role of brand names increased much less in other departments like electricals, where 3.5% of home center stores boosted brand name representation. In other departments, including housewares, power tools, appliances, lawn mowers, carpeting and flooring, fewer than 3% of the nation's home center stores increased brand name representation.

In the four departments that experi-

(Continued on page 21)

BEST AVAILABLE COPY

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THE NHCN BRANDS REPORT

Home centers carrying more hardware brands

(Continued from page 19)

enced a strong increase in brand name activity the greatest interest seemed to be shown by stores that cater to consumers or have a consumer-contractor mix as opposed to strictly contractor operations. For the 15 product categories overall the consumer-contractor operations showed the greatest increases in carrying brand name products.

Paint held particular interest for consumer operations, with more than one-fifth of those stores increasing their brand name offering. In contrast, the increase of brand named hand tools seemed strongest among contractor stores. More than one-fifth of those outlets increased their brand name tool selection. And among stores that cater equally to contractors and consumers brand name hand tools were up at 16% of the stores.

Stronger impact

Brand name plumbing items also had their strongest impact in these contractor-consumer outlet, 13.7% of which this year added plumbing brands. Of these type stores 9% also added to their brand name electrical selections, while pure contractor or consumer outlets showed much less interest in increasing brand name electricals.

While 29% of the country's home center stores this year increased national brand offerings as a matter of policy, more than half of the industry's outlets, 57.5%, increased national brand merchandise in at least one department.

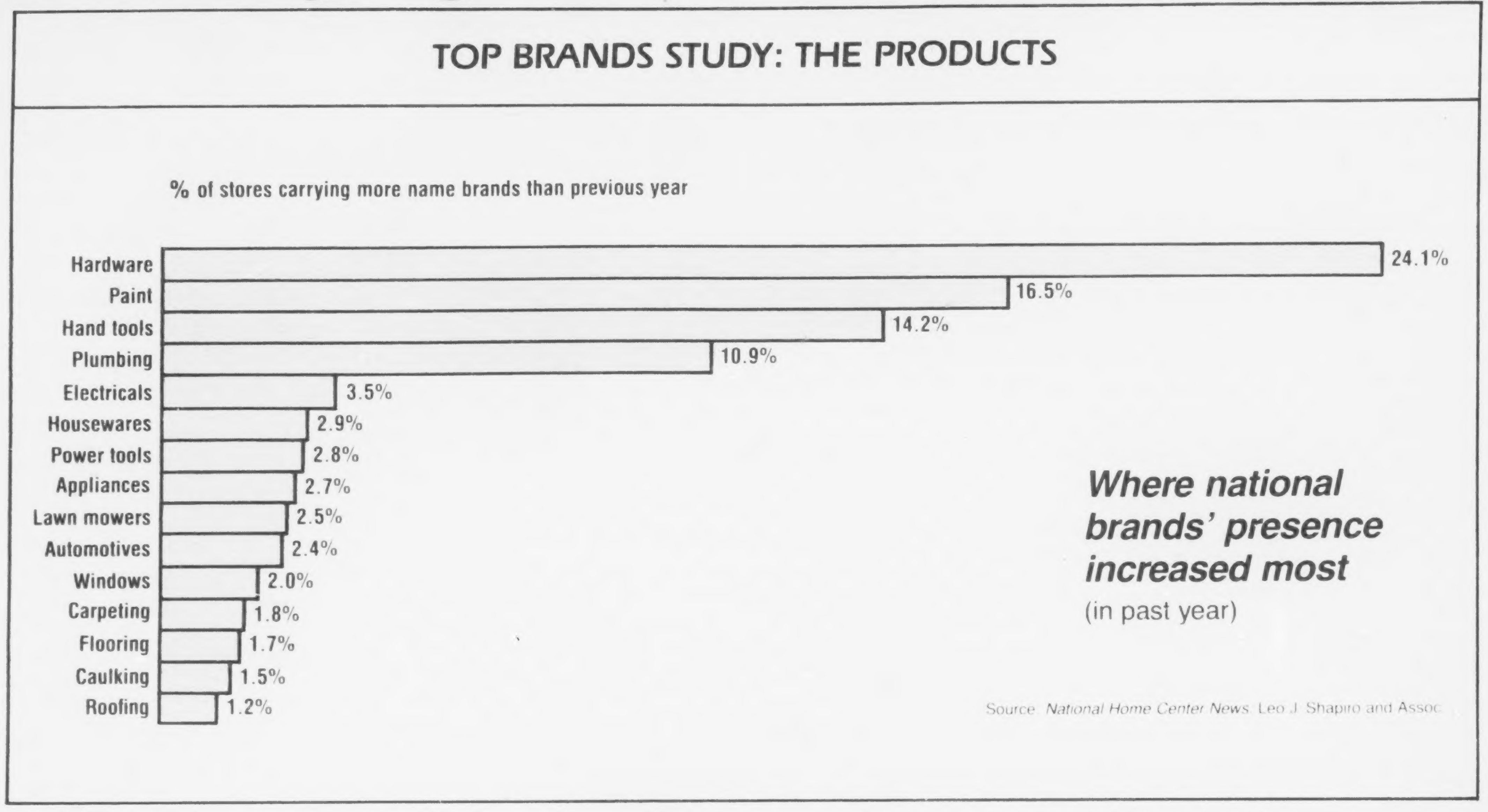
That activity was strongest by far in the Northeast, where almost four out of five stores added national brand merchandise in at least one department. Stores in the North Central states were second in number adding those products with about 59% doing so. About half the home centers in the West added brand name items in one or more departments, while just under half did so in the South.

More than half of stores operated by companies with annual volumes in excess of $10 million increased national brand representation in at least one department last year. Among stores run by smaller operators the increase in national brand reliance was even somewhat stronger.

On a department-by-department basis there were significant variations according to region. For example, 28% of home center stores in the Northeast added a national brand product to their paint departments this year, while only 5.5% of Western stores did.

However, Western home centers led the nation in adding national brand hand tools with about 28% of the stores doing so. In the South only 7.5% of the stores added those products.

The regions were fairly even in their addition of hardware, plumbing and electrical national brand items this year. While there seemed to be little increase in national brands in automotive departments outside the Northeast last year, 11.4% of stores in that region added brand items to that category.


TOP BRANDS STUDY: THE PRODUCTS

Where national brands' presence increased most
(in past year)

Source: *National Home Center News*: Leo J. Shapiro and Assoc.

Hardware, paint, hand tools and plumbing experienced the greatest increase in brand name product penetration.

Survey measures market penetration, retailer awareness

The *National Home Center News* brands survey of United States home center retailers provides a nationally projectable study on the market penetration and retailer awareness of national name brand merchandise.

The survey, conducted in August by Leo J. Shapiro & Assoc. of Chicago for *National Home Center News*, covered 2,170 stores operated by 173 retailing companies.

The results, covering name brand merchandise in 15 product categories, can be used as a measure of market penetration among approximately 15,000 retail home improvement outlets nationwide.

The study group was built from retailers selected at random from the 1982 Directory of Home Center Operators & Hardware Chains, listing 6,500 companies operating 15,000 stores. The directory is published by Lebhar-Friedman Inc. of New York, which also publishes *NHCN*. The survey's sample population of stores was proportioned to correspond with company store counts and annual volume, to more accurately reflect the general makeup of the home center industry.

While company buyers were sought as the primary targets of the survey, qualified responses were also obtained largely from individual store managers in cases where buyers were unavailable for comment.

Store managers were the largest group of respondents, making up 23.1% of the sample population; buyers made up 22.5%. Nearly 13% of the respondents were company owners; another 6.9% were identified as presidents. Generally, the larger the operation the more likely it was that an executive above the store manager level responded to the survey.

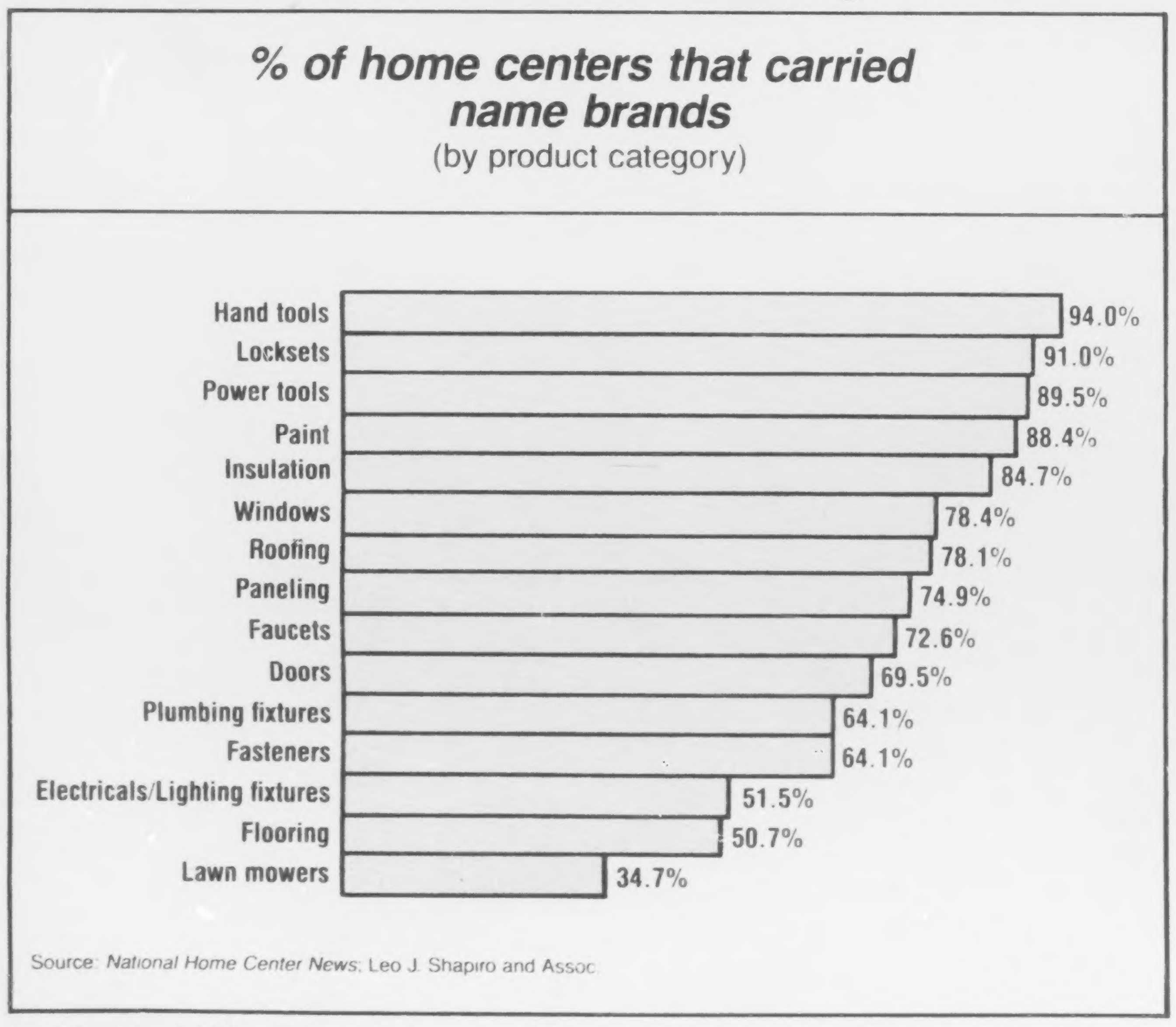
More than one-fifth of the respondents had been with their companies for 25 years or more. The next largest tenure group showed 10 years of experience and made up 14.5% of the sample population. Those groups consisting of retailers with both two to four years and 11 to 14 years each shared 10.4%. The average retailer showed a tenure of 11.5 years.

Of the 2,170 stores represented in the sample, about half sell primarily to consumers, while another fourth sell primarily to contractors. The balance have approximately a 50-50 contractor-to-consumer sales mix.

A little over one-third of the stores in the survey belonged to companies with 10 or more stores; another third were one-store operations; while the balance belonged to chains of two to 10 stores.

One-fourth of the stores on a weighted basis reported belonging to companies having annual sales in excess of $10 million. Two-fifths of the stores belonged to companies with annual sales of between $1 million and $10 million with about 15% of the stores reporting annual sales of less than $1 million.

Almost all outlets carry name brand hand tools


% of home centers that carried name brands
(by product category)

Source: *National Home Center News*; Leo J. Shapiro and Assoc.

In 14 out of 15 categories, over half of the stores surveyed carry at least some brand name items.

The nation's home center stores carry more national brand name merchandise in hand tools than in any other category, according to the new *National Home Center News* brand survey. Almost all outlets, 94%, carry some brand name tools.

In 14 out of 15 categories more than half of the stores carry at least some brand name items. Lawn mowers were the only exception, with 34.7% of the stores carrying brand name merchandise.

In contrast, most major categories showed heavy reliance on brand names. Nationally known locksets are carried by 91% of home center stores, for example. Almost 90% of the stores carry national brand power tools and 88.4% of the stores carry brand paint.

Strong brand name representation also seemed important in the retail mix of insulation, windows and roofing. More than three-quarters of stores carry brand name items in these categories.

Two-thirds of three-quarters of the stores carry brand name fasteners, plumbing fixtures, doors, faucets and paneling.

Brands report survey available by category

The findings of the *National Home Center News* Brands Report are being made available by product category, in a series of detailed reports.

The study, conducted by Leo S. Shapiro and Associates, the Chicago-based research firm, is the first of its kind to examine retailer perceptions of brand awareness, and to measure national brand penetration in home center outlets throughout the United States.

Nationally projectable, the reports cover 15 major product categories, including: paint, insulation, locksets, flooring, hand tools, power tools, windows, doors, plumbing fixtures, faucets, roofing, paneling, electrical fixtures and lawn mowers.

The individual reports include summary tables of the major findings on brand penetration, which departments showed the greatest increase in brand reliance, as well as detailed breakouts of brand rankings of between 10 and 20 brands per product category.

The reports are available for a research fee of $50 per product category (which includes the summary findings) by writing: Brand Study, Dept. EB, *National Home Center News*, 425 Park Ave., New York, N.Y. 10022.

R-19
INSULATION
R-19

Name insulation popular with pro-oriented stores

Name brand insulation is carried by nearly 85% of stores in the retail home improvement industry, and in an even higher percentage—96%—of stores selling primarily to contractors, a national survey of retailers has shown.

Owens-Corning Fiberglas was shown to be the most-carried name brand in the industry, with more than 60% of the stores polled carrying it. Manville and CertainTeed were the second and third most-carried brands, respectively, each drawing support from just over 23% of the sample population.

Dow and Celotex followed next in line, though with significantly less penetration than the top three name brands. Dow was shown to be carried by 4.5% of all stores polled, while Celotex was said to be carried by 2.3%.

Survey statistics said the merchandise is carried most often in the North Central, where 90.9% of home improvement retailers are said to offer it. However, penetration rates stand above the 80% mark in the South and West, falling to a low of 70.8% in the Northeast.

Market penetration of brand name is consistent regardless of the size of the home center operation where it is sold, although highest rates of brand name insulation penetration is among one-store independents, 91.9% of which carry the merchandise, and stores belonging to companies with sales of between $3 million and $10 million, where 88% have name brand insultation.

The survey, based on responses from retailers representing 2,170 outlets, showed that 95.9% of stores that sell primarily to contractors carry name brand insultation, while about 76.6% of stores selling primarily to consumers offer the merchandise and 85.6% of those catering equally to the consumer and contractor.

Owens-Corning, like the insulation name brand category itself, showed blanket penetration in all regions and among companies of all sizes. However, the brand proved somewhat stronger in the North Central region and South, and among stores catering to both the consumer and the professional. It also was strongest among one-store independents and stores belonging to companies with sales of between $3 million and $10 million.

% of U.S. home center stores carrying name brand insulation—by region

Northeast		**North Central**	
Owens-Corning	53.3%	Owens-Corning	64.8%
CertainTeed	26.3	CertainTeed	27.1
Manville	12.9	Manville	23.0
		Dow Chemical	11.0
		Celotex Corp.	6.4
South		**West**	
Owens-Corning	62.8%	Owens-Corning	55.0%
Manville	26.8	Manville	29.4
CertainTeed	15.4	CertainTeed	24.6
Gibson	1.9	Dow Chemical	2.7
		Georgia Pacific	2.7

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

TOP BRANDS STUDY: INSULATION

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Owens-Corning	60.4	Owens-Corning	51.3
Manville	23.5	Manville	12.2
CertainTeed	23.3	CertainTeed	11.9
Dow Chemical	4.5	3M	1.1
Celotex Corp.	2.3	Celotex Corp.	0.9
3M	1.1	Gold Bond	0.7
Georgia-Pacific	1.0	Dow Chemical	0.5
Gold Bond	0.7	Molland Manufacturing Co.	0.3
Flint Mfg. co.	0.5		

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Owens-Cornings, Manville and CertainTeed were the top brands in market penetration and retailers' awareness, according to the NHCN *survey. The name brands showed strong distribution across all four regions.*

% of U.S. home center stores that carry top brand insulation—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Owens-Corning	62.9%
CertainTeed	24.2
Manville	21.0
Dow Chemical	8.1
Celotex Corp.	1.4
2-10	
Owens-Corning	60.8%
Manville	22.9
CertainTeed	18.8
Celotex Corp.	4.3
3M	3.7
Over 10	
Owens-Corning	57.9%
Manville	26.3
CertainTeed	26.2
Dow Chemical	2.6
Co. sales volume	
Under $1 million	
Owens-Corning	60.2%
CertainTeed	27.8
Manville	19.1
Dow Chemical	3.6
Georgia-Pacific	3.3
$1 million-$3 million	
Owens-Corning	53.7%
CertainTeed	23.0
Manville	22.7
Dow Chemical	7.4
Gold Bond	3.4
$3 million-$10 million	
Owens-Corning	64.8%
Manville	29.7
CertainTeed	22.0
Dow Chemical	4.3
Celotex	4.3
Over $10 million	
Owens-Corning	62.5%
CertainTeed	30.9
Manville	21.6
Dow Chemical	3.8
Celotex Corp.	1.4

Source: *NHCN;* Leo J. Shapiro and Assoc.

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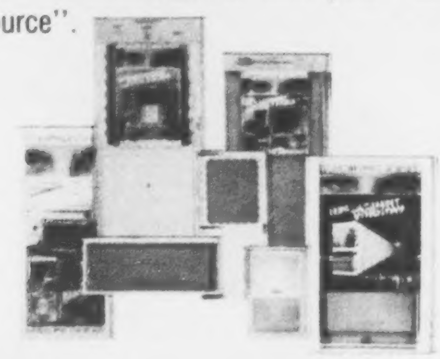

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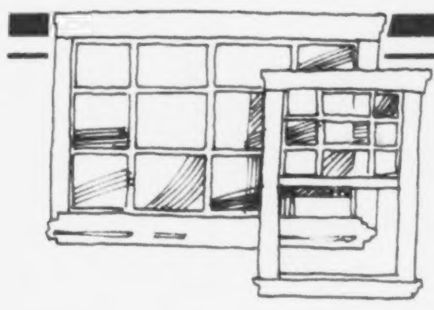


Andersen dominates national window market

In market penetration and brand recognition Andersen enjoys an overwhelmingly stronger position in the home center market than other competing manufacturers, according to results of the new *National Home Center News* brands report.

More than two-thirds of America's home center outlets offer windows the study found, and almost half carry Andersen. Marvin Windows, next strongest in market penetration, are available at 13.4% of the stores. Windows of all other manufacturers including Keller, Crestline and Better Built are in less than 10% of the stores, usually with special strength in a particular region.

In terms of brand awareness, retailers polled at almost 40% of the nation's home center outlets mentioned Andersen first when questioned about their window product lines. Other manufacturers were named first about 5% of the time or less.

While Andersen's market penetration is relatively strong in all regions, it is significantly weaker in the South and West compared with the Northeast and North Central. And regionality does seem to play an important role in a retailer's selection of a window vendor.

Andersen is carried in 16.7% of home center outlets in the West, for example, while International is in 22.2% of the stores in that region; Marvin windows are in 15.3% of outlets there.

Andersen is strong in small, medium and large chains, although somewhat weaker in the latter category; about 42% of stores in chains of 10 units or more carry Andersen. In contrast, Marvin Windows and Croft Metals seem to have their deepest market penetration in these type operations. In chains with 10 stores or more, 23.7% of the units carry Marvin and 10.5% carry Croft.

Andersen also appears strong regardless of whether an outlet is aimed at the consumer, contractor or both. Of stores that claim to seek a consumer-contractor mix, 62.8% carry Andersen. Also strong in those type operations, relative to other competitors, are Marvin and Caradco. Stores catering equally to contractors and consumers carry those products 15.6% and 11.3% of the time, respectively.

TOP BRANDS STUDY: WINDOWS

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Andersen	47.7	**Andersen**	39.7
Marvin	13.4	**Croft Metals**	5.1
Caradco Window & Door Mfg.	7.4	**Keller Ind.**	3.4
Croft Metals	7.1	**International**	3.1
International	4.3	**Marvin**	2.1
Better Built	3.5	**Crestline**	2.0
Keller Ind.	3.4	**Crestmark**	2.0
Crestline	3.3	**Viking**	1.9
Pella	3.0	**Ideal Mfg.**	1.0
Crestmark	2.7	**Jordon Mfg.**	1.0

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

In terms of brand awareness, almost 40% of retailers polled mentioned Andersen first when questioned about their window product lines.

% of U.S. home center stores carrying name brand windows—by region

Northeast		North Central	
Andersen	60.1%	**Andersen**	75.5%
Marvin	20.7	**Caradco Window & Door**	16.7
Weather Shield Mfg.	5.9	**Marvin**	16.1
Caradco Window & Door	3.1	**Crestline**	8.9
Pella	2.8	**Simko**	6.5
		Pella	4.1
		Norco Windows	4.1
South		**West**	
Andersen	24.7%	**International**	22.2%
Croft Metals	18.4	**Andersen**	16.7
Crestmark	8.1	**Marvin**	15.3
Linco	7.2	**Keller Ind. Inc.**	12.8
Ideal Mfg.	5.8	**Viking**	11.3
Jordon Mfg.	5.8	**Croft Metals**	10.1
Pella	3.8	**Better Built**	7.8

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

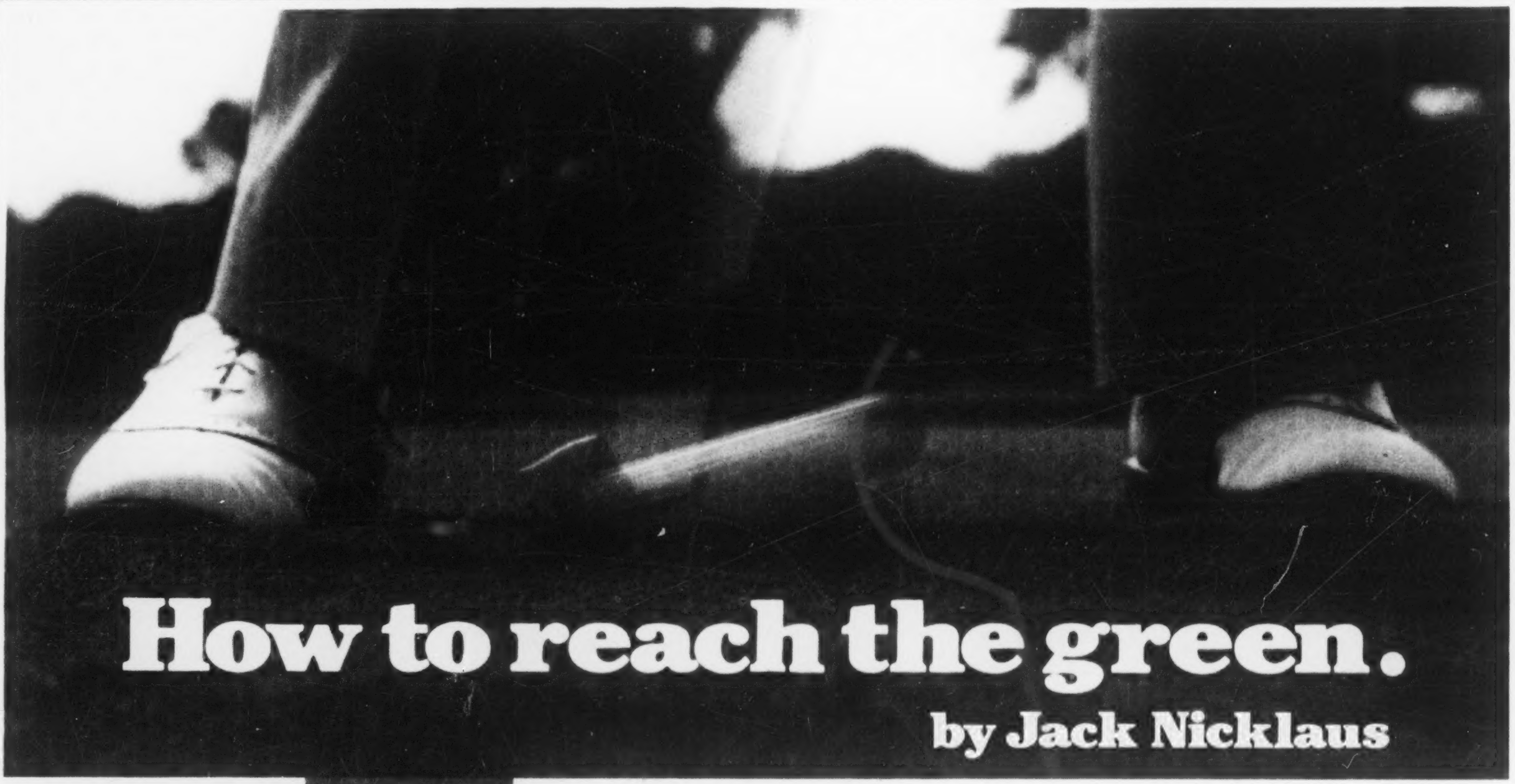
While Andersen's market penetration is relatively strong in all regions, it is significantly weaker in the South and West compared with the Northeast and North Central. And regionality does seem to play an important role in a retailer's selection of a window vendor.

% of U.S. home center stores that carry top brand windows—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Andersen	50.0%
Marvin	9.7
Caradco Window & Door Mfg.	8.1
International	6.5
2-10	
Andersen	51.9%
Caradco Window & Door Mfg.	12.4
Croft Metals	7.3
Marvin	4.7
Wenco	3.9
Over 10	
Andersen	42.3%
Marvin	23.7
Croft Metals	10.5
Keller Ind.	7.9
Co. sales volume	
Under $1 million	
Andersen	63.4%
Marvin	15.5
International	10.7
Crestline	10.7
Pella	7.1
Acorn Mfg.	7.1
$1 million-$3 million	
Andersen	50.9%
Caradco Window & Door Mfg.	10.6
Crestmark	8.3
Weather Shield Mfg.	7.2
Marvin	6.1
$3 million-$10 million	
Andersen	38.9%
Marvin	15.5
Croft Metals	8.1
Caradco Window & Door Mfg.	7.9
Peachtree	5.6
Over $10 million	
Andersen	48.5%
Marvin	18.8
Croft Metals	9.2
International	8.4

Source: *NHCN;* Leo J. Shapiro and Assoc.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by Jack Nicklaus

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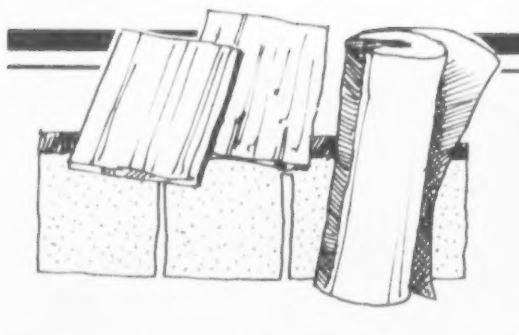

Home centers partial to name brand roofing

Nearly 4 of 5 home center stores carry some brand of roofing, according to the new *National Home Center News* survey, with Owens-Corning, carried by 21.6% of all stores, and GAF, carried by 19.9%, the front runners. Those companies were followed in market penetration by Certain-Teed, at 13.4%, and Manville, at 11% of stores.

Georgia-Pacific, Tampko and Celotex were carried at between 8%-10% of stores. No other brand was carried by over 5%.

Stores in chains doing over $10 million most often carried CertainTeed, the survey found. Although that brand was carried by 30% of such stores, it was carried by only about 10%, or less, of stores in chains doing smaller volumes.

GAF was strongest among single unit stores, while Owens-Corning and CertainTeed were about equally strong among companies with more than 10 units.

Stores selling primarily to contractors carry roofing about 96% of the time, compared to only 67% of those stores selling primarily to consumers and 80% of stores with an even consumer-contractor mix. Close to 40% of the contractor outlets said they carried GAF, while only about 20% carried Owens-Corning. Positions were reversed at primarily consumer stores, 16.7% of which carried Owens-Corning and 7.5% of which carried GAF.

In general, single-store operations showed a higher incidence of carrying roofing (84%) compared to multiple-unit operations, in which only about three-fourths of the stores carried roofing.

Top of the mind awareness of specific brands, based on brands first mentioned, showed relatively little variation from total mention figures in the survey. The one significant exception is the case of Manville, which scored higher on the first-mention list than on the total mention ranking, indicating that retailers are perhaps more familiar with the brand than its penetration in the market might suggest.

TOP BRANDS STUDY: ROOFING

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Owens-Corning	21.6	Owens-Corning	15.6
GAF Corp.	19.9	GAF Corp.	13.1
CertainTeed	13.4	CertainTeed	10.6
Manville	11.0	Georgia-Pacific	6.7
Georgia-Pacific	9.7	Tampko	6.1
Tampko	9.4	Celotex Corp.	4.0
Celotex Corp.	8.5	Manville	4.0
Bird Roofing	5.0	Bird Roofing	3.8
Flintkote Supply	3.5	IKO	2.5
IKO	3.2	Flintkote Supply	1.9

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

% of U.S. home center stores carrying name brand roofing—by region

Northeast		North Central	
Owens-Corning	26.6%	GAF Corp.	25.2%
Celotex Corp.	11.9	Certain-Teed	22.9
GAF Corp.	11.6	Owens-Corning	17.7
Manville	7.3	Tampko	13.9
Georgia-Pacific	7.1	Manville	12.2
Bird Roofing Prod.	3.1	IKO	5.5
		Celotex Corp.	4.1

South		West	
GAF Corp.	28.4%	Owens-Corning	34.4%
Georgia-Pacific	23.1	Celotex Corp.	19.1
Owens-Corning	14.5	Certain-Teed	12.8
Bird Roofing Prod.	13.6	Manville	10.3
Manville	12.1	Tampko	7.6
Tampko	10.7	Gibson-Homans Co.	5.5
Certain-Teed	9.4	GAF Corp.	5.2

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Regional leaders included Owens-Corning, carried by one of three Western stores, GAF, carried by over a quarter of Southern stores; where almost 25% of Southern stores carry Georgia-Pacific, roughly the same percentage of North Central stores carry GAF and CertainTeed.

% of U.S. home center stores that carry top brand roofing—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
GAF Corp.	22.6%
Owens-Corning	19.4
Georgia-Pacific	12.9
Manville	11.3
CertainTeed Corp.	9.7
2-10	
GAF Corp.	22.0%
Owens-Corning	21.3
Manville	14.2
Tampko	9.9
Georgia-Pacific	8.5
Over 10	
Owens-Corning	23.7%
CertainTeed Corp.	23.6
GAF Corp.	15.8
Tampko	13.1
Celotex Corp.	13.1
Co. sales volume	
Under $1 million	
GAF Corp.	17.8%
Owens-Corning	15.8
Manville	13.9
Georgia-Pacific	12.3
Bird Roofing Prod.	10.7
$1 million-$3 million	
GAF Corp.	17.9%
Georgia-Pacific	16.7
Owens-Corning	16.6
Manville	13.3
CertainTeed Corp.	9.9
$3 million-$10 million	
GAF Corp.	28.0%
Owens-Corning	17.9
Tampko	16.5
Bird Roofing Prod.	10.1
Manville	9.5
Over $10 million	
CertainTeed Corp.	30.0%
Owens-Corning	25.0
GAF Corp.	22.5
Georgia-Pacific	12.8
Tampko	12.7

Source: *NHCN;* Leo J. Shapiro and Assoc.

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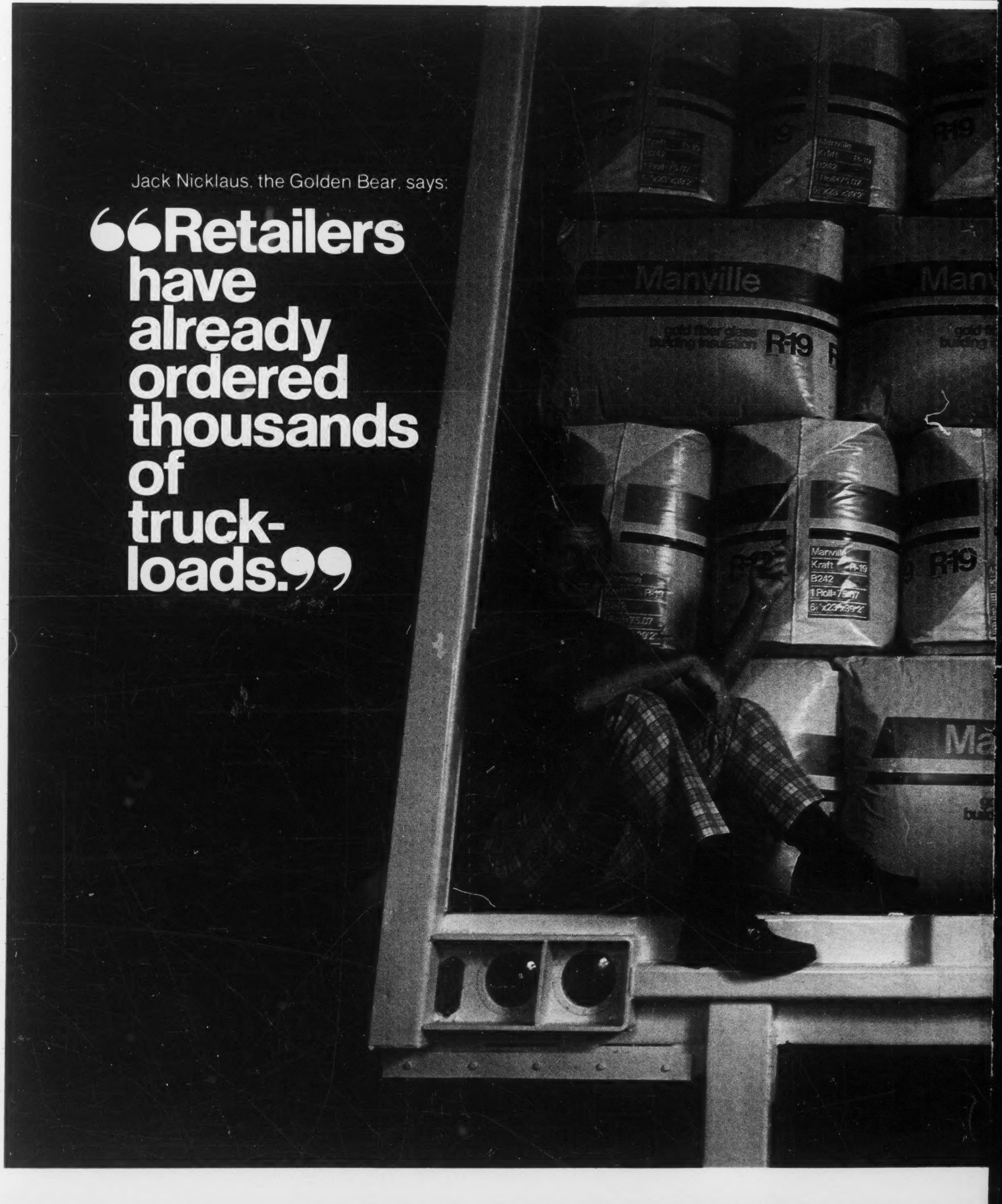
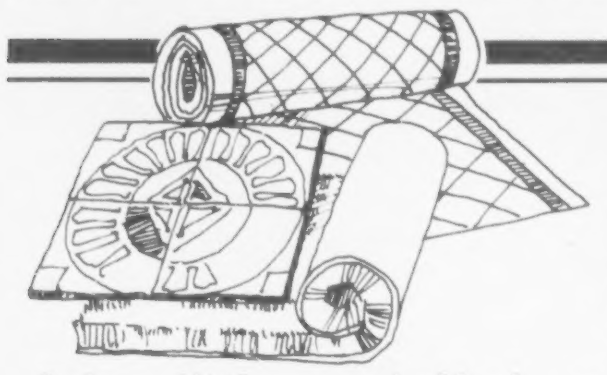

Jack Nicklaus, the Golden Bear, says:
“Retailers have already ordered thousands of truck-loads.”
Manville
R-19



Flooring penetration distributed by region

Only a little over half of America's home center stores carry flooring, according to the results of the new *National Home Center News* survey.

Flooring's penetration varies considerably by region, since about 3 of 5 stores in the Northeast and South carry the product, while only 2 of 5 stores in the West have it.

By far the most popular name brand is Armstrong, carried by 29.3% of stores, compared with 13.9% carrying Bruce, and 7% carrying GAF. No other brand is carried by more than 5% of stores. The survey views flooring as a total category and does not consider separately its various products: vinyl tile, sheet vinyl, carpet, wood and so forth.

While Armstrong is carried fairly evenly nationally, other brands show regional strengths. Bruce is carried by 25.1% of Northeastern stores but only by 2.5% of Western stores. GAF is carried by about 12% of Southern stores but only 4.8% of North Central stores. Congoleum is carried by about 10% of Southern stores but only 2.1% of North Central stores.

Company size also impacts on brand choice. Stores belonging to companies doing over $10 million carry Armstrong 35.9% of the time compared with 25% among outlets with companies doing under $1 million. The latter group carries Bruce 27.8% of the time while companies with over $10 million carry that brand only 5.1% of the time.

Home centers selling primarily to consumers carry flooring products about half the time, while less than half of home centers primarily serving contractors carry the product and 63% serving both contractors and consumers equally handle flooring.

Consumer oriented stores carry Armstrong 32.5% of the time and Bruce 7% of the time; contractor oriented stores carry Bruce 22.4% of the time and Armstrong 9.8% of the time.

For the most part, results of the brand awareness section of the survey coincided with brand market penetration results. One of 5 stores mentioned Armstrong Cork first while 1 of 10 mentioned Bruce first. No other single brand was mentioned first by more than 5% of the stores.

TOP BRANDS STUDY: FLOORING

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Armstrong	29.3	Armstrong	20.0
Bruce	13.9	Bruce	10.9
GAF Corp.	7.0	GAF Corp.	4.8
Congoleum Corp.	4.4	Congoleum Corp.	2.7
Tarkett	3.7	Tarkett	1.2
Kentile	2.6	Amtico	1.0
Mannington Mills	1.7	Salem Carpet Mills	0.7
Harris	1.0	Harris	0.5
Amtico	1.0	Oakwood Mfg.	0.5
Top Tile-Whitegate	1.0	Kentile	0.5

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News*; Leo J. Shapiro and Assoc.

By far the most popular name brand flooring is Armstrong, carried by 29.3% of stores, compared with 13.9% carrying Bruce and 7% carrying GAF. No other brand is carried by more than 5% of stores.

% of U.S. home center stores carrying name brand flooring—by region

Northeast		North Central	
Armstrong	26.3%	Armstrong	27.3%
Bruce	25.1	Bruce	16.7
Kentile	8.8	GAF	4.8
GAF	6.2	Mannington	3.4
Congoleum	5.9	Salem Carpet Mills	2.6
Oakwood Mfg.	3.1	Congoleum	2.1
		Kentile	1.6

South		West	
Armstrong	31.1%	Armstrong	33.2%
GAF	11.9	GAF	5.1
Bruce	11.3	Tarkett	5.1
Congoleum	9.3	Bruce	2.5
Tarkett	8.1		
Harris	3.8		

Source: *National Home Center News*; Leo J. Shapiro and Assoc.

% of U.S. home center stores that carry top brand flooring—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Armstrong Cork	24.2%
Bruce	24.2
GAF Corp.	9.7
Tarkett	3.2
Kentile	3.2
Harris	3.2
2-10	
Armstrong Cork	22.5%
Bruce	16.7
Congoleum Corp.	9.7
GAF Corp.	6.4
Mannington Mills	3.9
Over 10	
Armstrong Cork	39.5%
GAF Corp.	5.2
Tarkett	5.2

Co. sales volume	
Under $1 million	
Bruce	27.8%
Armstrong Cork	25.0
Harris	7.1
Mannington Mills	6.8
GAF Corp.	3.3
$1 million-$3 million	
Armstrong Cork	19.2%
Bruce	14.0
GAF Corp.	5.8
Mannington Mills	3.4
$3 million-$10 million	
Armstrong Cork	31.7%
Bruce	16.1
GAF Corp.	11.8
Tarkett	7.0
Congoleum Corp.	6.8
Over $10 million	
Armstrong Cork	35.9%
GAF Corp.	8.2
Bruce	5.1
Congoleum Corp.	4.8

Source: *NHCN*; Leo J. Shapiro and Assoc.

R-19
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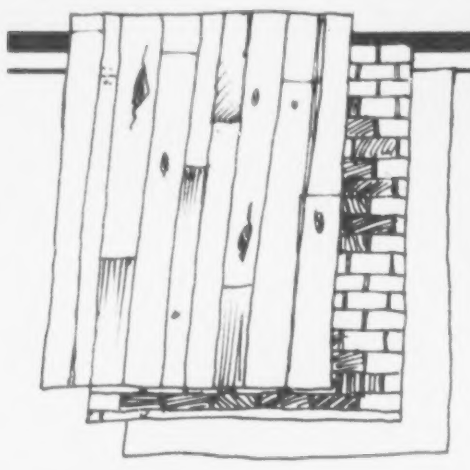


Paneling brands show up strong at contractor-oriented retailers

Three out of 4 home improvement centers carry name brand paneling, according to a new survey by *National Home Center News*.

Responses from 2,170 stores indicated that name brands are being carried most heavily by retailers in the South and North Central regions.

Name brand paneling seems to be carried by stores regardless of their volume or the size of the chain to which they may belong.

Name brands also made a strong showing among stores that sell primarily to contractors: 87.2% of those retail outlets reported carrying such paneling merchandise. More than half of those stores carry Georgia-Pacific.

Georgia-Pacific was also the name brand carried most often overall, capturing 35.7% of the total poll. More than 45% of one-store independents polled said they carried the brand, while nearly 42% of those stores belonging to companies with less than $1 million in sales reported having the line.

The name brand's market penetration fell evenly across the boundaries of region and chain size. Georgia-Pacific was carried in the Northeast, North Central, South and West by between 27.8% and 42.3% of the respondent stores.

Champion, listed as the second most-carried name brand by 22.5% of the sample population, also had strong contractor penetration, with almost 37% of those units carrying the brand. Champion's presence in consumer and contractor-consumer oriented outlets dropped significantly, however. In the latter category, Champion is carried by 20.4% of the stores while Georgia-Pacific is sold by 27.3%.

Other brand names, including Abitibi and Weyerhauser, showed stronger consumer or consumer-contractor orientation. In fact, Abitibi is in 22.5% of consumer stores, its strongest market, according to the survey. Weyerhauser is present in 24.9% of consumer-contractor outlets.

At the same time, Masonite appeared strongest in those stores as well, with its product in 25.7% of such outlets.

The top companies in market penetration remained roughly in the same order when compared to brand awareness.

TOP BRANDS STUDY: PANELING

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Georgia-Pacific	35.7	Georgia-Pacific	18.1
Champion Int'l	22.5	Champion Int'l	10.2
Abitibi	17.7	Abitibi	7.7
Weyerhaeuser	17.0	Masonite	7.0
Masonite	16.7	Weyerhaeuser	6.7
Pluswood Inc.	7.2	Pluswood Inc.	3.9
States Industries Inc.	6.9	Pacific Wood Products	1.3
Pacific Wood Products	5.3	Weldwood	1.2
		Ply Gem Mfg.	1.0
Ply Gem Mfg.	4.7	Aetna	1.0
Rose-Burg	4.2	U.S. Plywood	1.0

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Paneling brand awareness roughly mirrors market penetration, according to the new NHCN *survey.*

% of U.S. home center stores carrying name brand paneling—by region

Northeast		North Central	
Georgia-Pacific	65.1%	Georgia-Pacific	36.2%
Masonite Corp.	23.8	Abitibi	24.9
Champion Int'l	23.4	Masonite Corp.	23.8
Weyerhaeuser	20.7	Weyerhaeuser	16.4
Abitibi	18.9	Pluswood Inc.	13.7
Ply Gem Mfg.	10.7	Champion Int'l	12.8
Pacific Wood Products	8.8	States Industries	10.1
South		**West**	
Georgia-Pacific	42.3%	Georgia-Pacific	32.3%
Champion Int'l	28.2	Champion Int'l	31.8
Weyerhaeuser	15.6	Weyerhaeuser	16.9
Masonite Corp.	12.7	Abitibi	14.1
Abitibi	10.0	States Industries	12.8
Pluswood Inc.	4.4	Pluswood Inc.	5.1
Aetna	3.8	Pacific Wood Products	5.1

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Name brands' market penetration fell fairly evenly across the country.

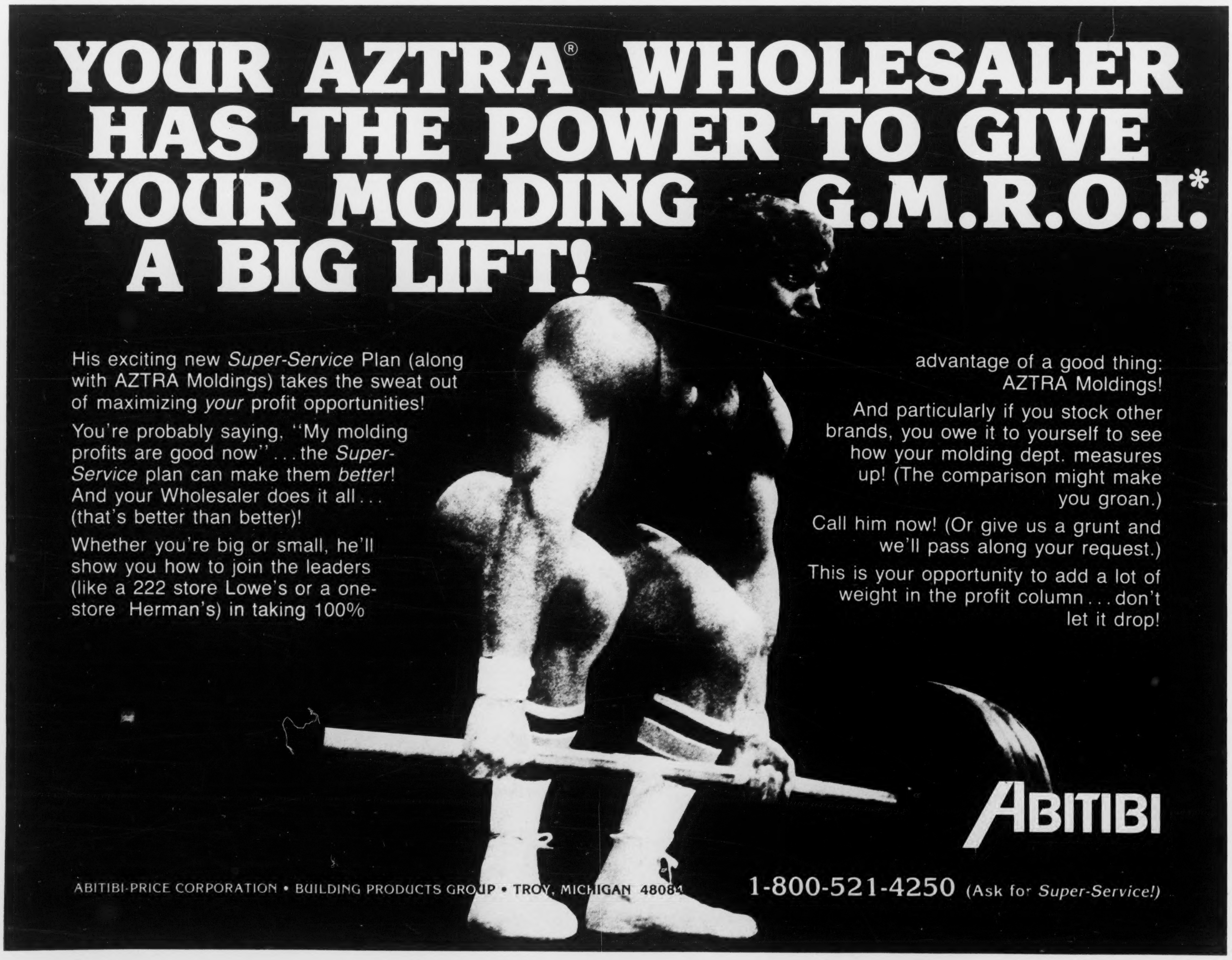
% of U.S. home center stores that carry top brand paneling—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Georgia-Pacific	45.2%
Weyerhaeuser	25.8
Masonite Corp.	21.0
Champion Int'l	17.7
Abitibi	12.9
2-10	
Georgia-Pacific	33.7%
Champion Int'l	25.8
Weyerhaeuser	21.7
Abitibi	15.7
Masonite Corp.	10.2
Over 10	
Georgia-Pacific	29.0%
Champion Int'l	23.9
Abitibi	23.6
Masonite Corp.	18.4

Co. sales volume	
Under $1 million	
Georgia-Pacific	41.7%
Weyerhaeuser	25.9
Abitibi	20.7
Masonite Corp.	14.2
Champion Int'l	12.3
$1 million-$3 million	
Georgia-Pacific	35.2%
Weyerhaeuser	25.1
Champion Int'l	23.3
Abitibi	13.9
Masonite Corp.	12.4
$3 million-$10 million	
Georgia-Pacific	39.3%
Champion Int'l	25.9
Weyerhaeuser	14.9
Abitibi	10.1
Over $10 million	
Georgia-Pacific	37.8%
Masonite Corp.	31.7
Champion Int'l	24.9
Abitibi	18.8
Weyerhaeuser	12.7
Pacific Wood Prod.	12.7

Source: *NHCN;* Leo J. Shapiro and Assoc.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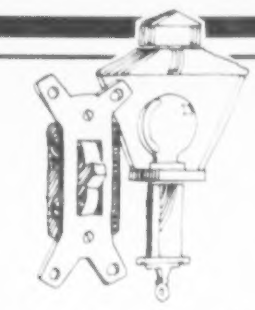

Electricals, light fixtures flicker at home centers

No single brand of electrical and lighting fixtures is carried by more than 13% of America's home center stores, according to the new *National Home Center News* survey.

Thomas Industries, identified as a best-selling brand carried by 13% of the nation's home center stores and Diamond F, identified by 12.7%, were the front runners.

Progress Lighting was third in *NHCN*'s measurement of market penetration. About one of 10 home center stores carry Progress, while about one in 20 carry Leviton Manufacturing brand. No other brand is carried in more than 5% of the stores.

Part of the relatively low penetration of electrical brands is a result of the fact that only a little over half of the home centers carry electrical and lighting fixtures at all. However, this figure was depressed considerably by the fact that only 26.3% of Northeastern home centers carry the merchandise, compared with from 56.6% to 58.3% of respondents in other regions.

Larger firms are more likely to carry this merchandise than smaller ones. While only a third of single-unit home centers carry the merchandise, 63.2% of chains with over 10 units do so.

Retailers working for the largest home centers, doing over $10 million volume, said they carried Diamond F nearly 20% of the time and General Electric 11.9% of the time. On the other hand,, smaller firms selected those brands much less often.

% of U.S. home center stores carrying name brand electrical/lighting fixtures—by region

Northeast		**North Central**	
Leviton Mfg. Co.	5.9%	Thomas Ind.	22.1%
Prestige Line	5.7	Diamond F	13.8
Diamond F	3.1	General Electric	10.6
Progress Lighting	2.8	Leviton Mfg. Co.	8.0
		Delval Lighting	4.6
		Progress Lighting	2.9
		American Fluorescent	2.5

South		**West**	
Progress Lighting	20.0	Diamond F	12.8
Diamond F	17.1	Delval Lighting	10.1
Thomas Ind.	14.4	Leviton	6.3
Starlight	8.2	Thomas Ind.	5.2
Eagle Electric Mfg.	4.4		
I.T.T.	3.7		
Modulite	3.6		

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

TOP BRANDS STUDY: ELECTRICAL/ LIGHTING FIXTURES

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Thomas Ind.	13.0	Diamond F	11.7
Diamond F	12.7	Thomas Ind.	11.1
Progress Lighting	8.0	Progress Lighting	6.9
Leviton Mfg. Co. Inc.	5.3	Delval Lighting	4.1
General Electric	4.8	Leviton Mfg. Co.	2.1
Delval Lighting	4.1	General Electric	1.4
Starlight	2.2	Eagle Electric Mfg.	1.2
McGraw-Edition	1.9	McGraw-Edison	1.0
I.T.T.	1.5	Prestige Line	1.0
Eagle Electric Mfg.	1.2	American Fluorescent	0.9

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Thomas Industries, Diamond F and Progress Lighting were the leaders in market penetration and top of mind awareness, according to the NHCN *survey. Regionally, Leviton was carried by the highest percentage of Northeast stores while Thomas led in the North Central, Progress in the South and Diamond F in the West.*

% of U.S. home center stores that carry top brand electrical/lighting fixtures—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Thomas Ind.	14.5%
Diamond F	8.1
Progress Lighting	8.1
Starlight	3.2
Triangle Home Products	1.6
2-10	
Diamond F	17.1%
Thomas Ind.	14.5
Progress Lighting	8.0
Leviton Mfg.	7.7
General Electric	6.2
Over 10	
Diamond F	13.1%
Thomas Ind.	10.5
Leviton Mfg.	8.0
Progress Lighting	7.9
General Electric	7.9

Co. sales volume	
Under $1 million	
Thomas Ind.	14.9%
Progress Lighting	10.4
Diamond F	7.1
Delval Lighting	3.3
I.T.T.	3.3
$1 million-$3 million	
Thomas Ind.	11.8%
Diamond F	8.3
Starlight	5.8
Progress Lighting	5.0
Prestige Line Inc.	4.6
$3 million-$10 million	
Thomas Ind.	17.7%
Diamond F	13.3
Leviton Mfg.	13.3
Progress Lighting	11.3
Starlight	4.6
I.T.T.	4.6
Over $10 million	
Diamond F	19.5%
General Electric	11.9
Thomas Ind.	8.9
Progress Lighting	7.5
Leviton Mfg.	7.5
Delval Lighting	7.5

Source: *NHCN;* Leo J. Shapiro and Assoc.

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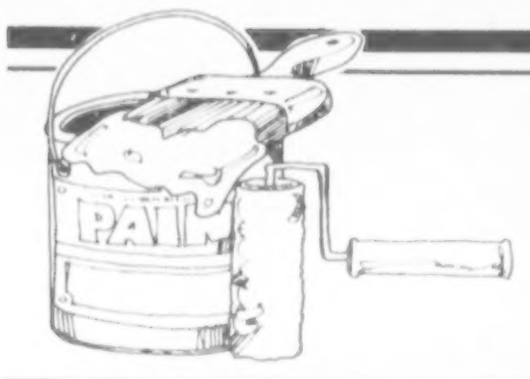

Myriad of paint mfgs. test market favorites

% of U.S. home center stores carrying name brand paint—by region

Northeast	
Olympic	29.1%
Rust-oleum	22.3
Tru-Test	19.5
Glidden	17.8
Cuprinol	14.7
Dutch Boy/ Martin-Senour	14.5
Pratt & Lambert	7.3

North Central	
Olympic	33.4%
Glidden	15.5
Colony	10.3
Valspar	7.2
DAP	7.0
Sherwin Williams	6.4
Dutch Boy/ Martin-Senour	6.0

South	
Olympic	23.2%
Glidden	16.8
Rust-oleum	9.6
Precision	7.2
Dutch Boy/ Martin-Senour	6.4
Minwax	6.4

West	
Olympic	32.1%
Glidden	21.4
DAP	12.8
Formby's	10.1
Sherwin Williams	7.8
Fuller-O'Brien	7.8

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

TOP BRANDS STUDY: PAINT

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Olympic	29.6	Glidden	14.0
Glidden	17.4	Olympic	10.2
Rust-oleum	7.8	Dutch Boy/ Martin-Senour	5.3
Dutch Boy/ Martin-Senour	7.0	Colony	4.3
Colony	5.8	Enterprise Paint Co.	3.9
Dap	5.7	Tru-Test	3.8
Sherwin-Williams	5.3	The Valspar Corp.	3.3
Tru-Test	5.3	Benjamin Moore & Co.	3.3
Pittsburgh Paints	5.2	Fuller-O'Brien	3.2
Minwax	4.7	Sherwin Williams	3.0

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Olympic and Glidden Paint, two national brands whose market dominance has been tested lately by myriad manufacturers, continue to be identified as the leading brands being carried by home center dealers.

Three home center retailers out of every 10 who were asked "what are your best-selling name brands in paint" responded Olympic, which is manufactured in Bellevue, Wash. Glidden, based in Cleveland, ranked second, with respondents at nearly one-fifth of United States home centers claiming to carry the brand.

Also mentioned prominently were the paint lines made by Sherwin-Williams Co. Its Dutch Boy and Martin Senour brands—which are sold by a wide range of dealers—placed fifth among home center retailers as a best-selling brand, while the company's Sherwin-Williams line—sold mostly in its own 1,367 stores—ranked seventh.

In addition, brands bearing the Colony and Pittsburgh names were among the national labels that home center retailers identified as the leading sellers in their stores, as were DAP (which makes the "Derusto" enamels and coatings lines) and Minwax (which manufactures varnish).

Among the leading paint brands, there appear to be some regional retailer preferences: For instance, Rust-oleum, the third-ranking brand overall, got its highest response rate from Northeastern home center dealers, as did Dutch Boy and Martin Senour. About 20% of dealers carrying Tru-Test paint were in the Northeast, the same percentage as the proportion of dealer-members (1,439 of 7,000) affiliated with Cotter & Co., the wholesale co-op that makes Tru-Test, that are also in this region.

Colony Paint, made in Kansas City, Mo., got its highest response rate in the North Central states (Colony's biggest retail customer is Payless Cashways).

% of U.S. home center stores that carry top brand paint—by company size

Percentages reflect distribution of brand penetration

No. of stores

One	
Olympic	33.9%
Glidden	16.1
Rust-oleum	8.1
Tru-Test	8.1
Minwax	8.1
Benjamin Moore & Co.	8.1

2-10	
Olympic	29.3%
Glidden	14.2
Dutch Boy/Martin-Senour	6.6
Samuel Cabot	6.1
Valspar	6.0

Over 10	
Olympic	26.2%
Glidden	21.1
Rust-oleum	10.5
DAP	10.5
Enterprise	10.5
Formby's	10.5

Co. sales volume

Under $1 million	
Olympic	35.2%
Glidden	11.0
Dutch Boy/Martin-Senour	8.7
Sherwin-Williams	7.1
Minwax	7.1
Benjamin Moore & Co.	7.1

$1 million-$3 million	
Olympic	41.3%
Glidden	15.9
Benjamin Moore & Co.	8.2
Minwax	8.0
Dutch Boy/Martin-Senour	6.7

$3 million-$10 million	
Olympic	20.4%
Glidden	17.5
Colony	13.2
Valspar	12.0
Tru-Test	8.0

Over $10 million	
Olympic	27.6%
Glidden	21.6
Enterprise	15.1
DAP	8.9

Source: *NHCN;* Leo J. Shapiro and Assoc.

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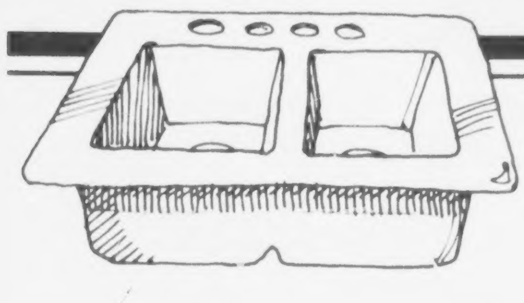


Advertising blurs line twixt fixtures, faucets

Kohler's line of plumbing fixtures is carried by more home center outlets, by a slight margin, than any single brand of fixtures, according to a new survey of home center retailers examining brand penetration.

However, an almost equal number of outlets reported carrying fixtures made by Artesian, American-Standard and Delta, indicating that market penetration by all these manufacturers.

Among the top five best-selling brands listed in the survey, regional preference of one over the other seems to be less prevalent than in other product categories. American-Standard, based in Piscataway, N.J., got its strongest response rate in the Northeast; Artesian, located in Mansfield, Ohio, had strong penetration in the North Central and Western states, and Delta showed strong market presence in Southern home centers.

In terms of top-of-mind awareness, in contrast to market penetration, Artesian and American-Standard were highest followed by Kohler, which, like Delta, was most well known among dealers selling to consumers, vs. those that sell to contractors.

It appears that advertising plays a big part in the way retailers perceive what a manufacturer has to offer them. For instance, Peerless and Price Pfister (under its former corporate name Norris Industries) are both primarily faucet makers, but they ranked fourth and seventh as the fixture brands "first mentioned" by dealers, an indication that the distinction between a fixture and a faucet has been smudged. Both of these companies do a considerable amount of trade and consumer advertising.

Another company, mentioned by retailers with a high promotional profile is Stanley Works, which introduced its 600-sku line of plumbing fittings and tools two years ago, and has been trying to crack what is a highly competitive, brand-conscious market. It ranked ninth as the "first mentioned" brand among dealers, despite the fact that it does not manufacture fixtures at all. However, Stanley does do a considerable amount of *plumbing* advertising, and dealers may, in fact, be lumping fittings and fixtures together in their responses.

The survey also revealed some dealer confusion about what manufacturers actually produce fixtures. For example, Genova was mentioned as a fixture manufacturer but actually produces pipe fittings, some plastic pipe and guttering. Several other companies were also erroneously named as fixture manufacturers.

TOP BRANDS STUDY: PLUMBING FIXTURES

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Kohler Co.	9.2	**Artesian**	7.3
Artesian	8.8	**American-Standard**	5.5
American-Standard	8.6	**Kohler**	5.1
Delta	8.2	**Peerless Faucet**	4.1
Peerless Faucet	6.0	**Delta**	3.3
Eljer	4.1	**Genova**	2.8
Plumb Shop	3.7	**Norris Ind. (Price-Pfister)**	2.5
Genova Inc.	3.3	**Eljer**	2.1
Gerber Ind.	3.2	**Stanley Works**	1.9
Crane	3.0	**Plumb Shop**	1.7

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

% of U.S. home center stores carrying name brand plumbing—by region

Northeast		North Central	
American-Standard	15.0%	**Artesian**	11.7%
Kohler Co.	9.3	**Briggs & Stratton Corp.**	8.9
Artesian	8.8	**Kohler Co.**	8.4
Eljer	5.9	**Delta Ind.**	7.7
Owens-Corning	5.9	**American-Standard**	7.0
Delta Ind.	5.7	**Genova Inc.**	5.7
Stanadyne/Moen div.	5.7	**Crane**	5.4
South		**West**	
Delta Ind.	9.7	**Artesian**	12.8
American-Standard	10.1	**Norris Industries**	12.8
Peerless Faucet Co.	9.7	**Kohler Co.**	10.5
Kohler Co.	9.3	**Peerless Faucet Co.**	10.1
Sterling Faucet	7.9	**Stanley**	10.1
Gerber Ind.	6.1	**Delta Ind.**	7.8
		Plumb Shop	7.8

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

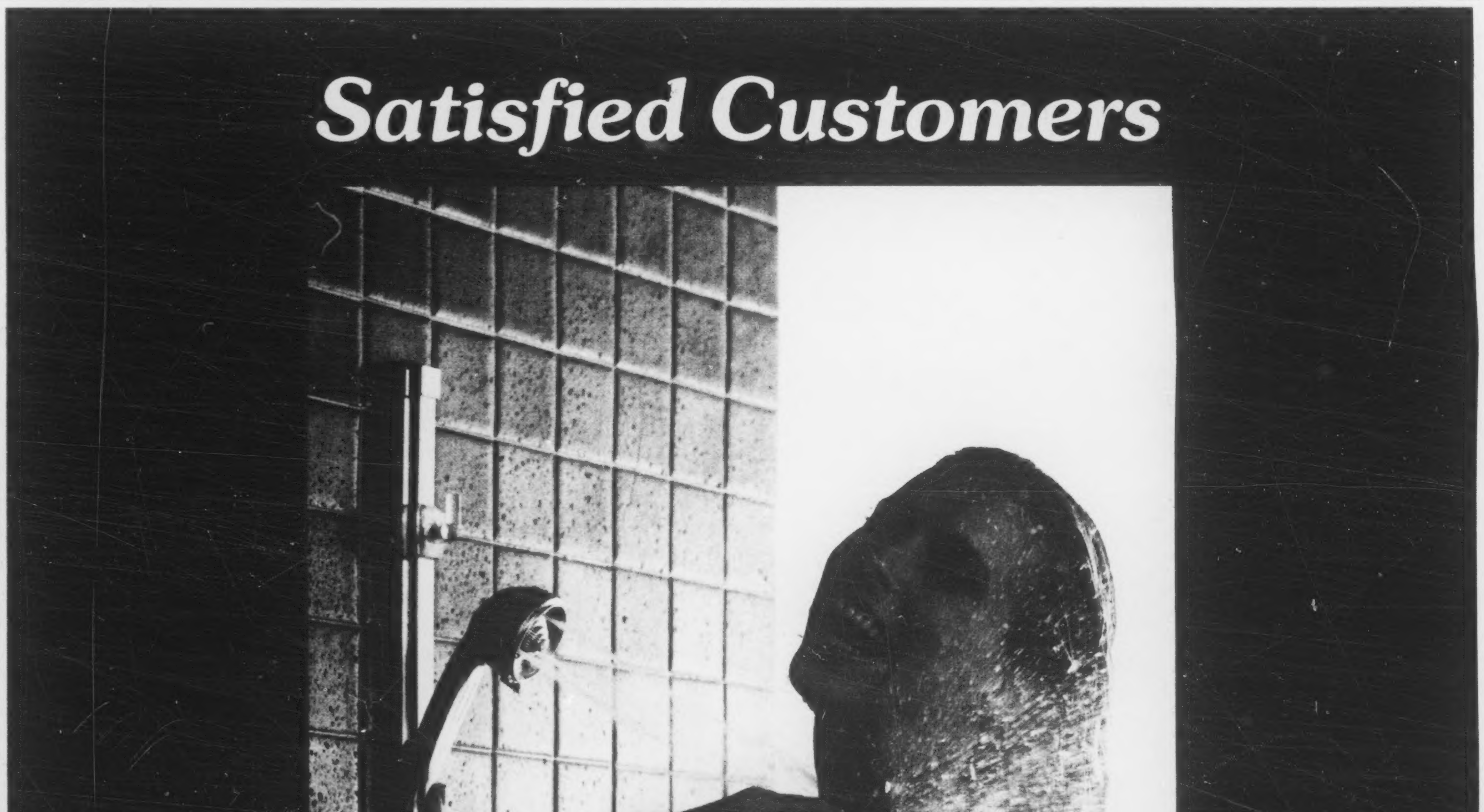
Although Kohler's plumbing fixtures are carried by more home center outlets, Artesian, American-Standard and Delta have made nearly equal penetration into the market.

% of U.S. home center stores that carry top brand plumbing fixtures—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Kohler Co.	16.1%
American-Standard	16.1
Delta Ind.	12.9
Eljer	9.7
Artesian	6.5
2-10	
Peerless Faucet	7.0%
Delta Ind.	6.8
Genova	5.7
Briggs & Stratton	5.6
Gerber Indus.	5.5
Over 10	
Artesian	15.7%
Peerless Faucet	10.5
Kohler Co.	7.9
American-Standard	5.2
Delta Ind.	5.2
Co. sales volume	
Under $1 million	
Kohler Co.	21.0%
American-Standard	17.8
Delta Ind.	17.8
Briggs & Stratton	10.7
Eljer	10.4
$1 million-$3 million	
Delta Ind.	9.1%
Eljer	7.2
Gerber Indus.	5.8
Kohler Co.	5.0
Artesian	5.0
$3 million-$10 million	
American-Standard	11.6%
Peerless Faucet	9.9
Plumb Shop	9.9
Kohler Co.	7.2
Eljer	4.8
Over $10 million	
Artesian	16.4%
Delta Ind.	10.3
American-Standard	7.5
Peerless Faucet	7.5
Kohler Co.	4.8

Source: *NHCN;* Leo J. Shapiro and Assoc.



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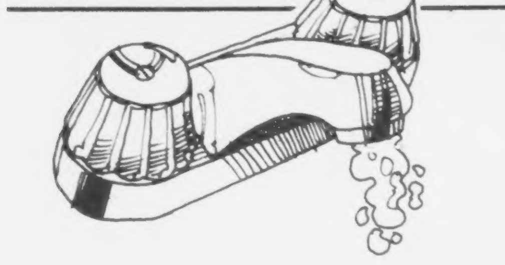

Retailers more aware of name brand faucets

% of U.S. home center stores carrying name brand faucets—by region

Northeast	
Delta-Delex Faucet Co.	29.6%
Aqua-Line	15.8
Price Pfister	11.4
Peerless Pottery	10.2
Sterling Faucet Co.	8.8
Stanadyne/Moen div.	8.8
American Standard	8.8

North Central	
Peerless Pottery	34.9%
Delta-Delex Faucet	29.6
Stanadyne/Moen div.	10.8
American Standard	6.3
Sterling Faucet Co.	6.2
Lifetime Faucets	5.3
Rockwell International	4.1

South	
Peerless Pottery	38.0
Delta-Delex Faucet	24.4
Sterling Faucet Co.	17.1
American Standard	11.0
Stanadyne/Moen div.	7.1
Kohler	5.8

West	
Peerless Pottery	53.1
Price Pfister	36.6
Delta-Delex Faucet	28.8
Sterling Faucet Co.	12.8
Stanadyne/Moen div.	5.5
U.S. Brass	5.1
Milwaukee	5.1

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

TOP BRANDS STUDY: FAUCETS

MARKET PENETRATION BRANDS	% of home centers carrying that brand	TOP OF MIND AWARENESS BRANDS	% of home centers 1st mentioning that brand as best selling
Peerless	35.1	Peerless	33.4
Delta Faucet	28.0	Delta Faucet	14.8
Sterling Faucet Co.	10.9	Sterling Faucet Co.	4.7
Price Pfister	9.7	Stanadyne/Moen	4.2
Stanadyne/Moen div.	8.4	Aqua-Line	3.4
American Standard	7.3	American Standard	2.0
Aqua-Line	5.1	Price Pfister	1.8
U.S. Brass	2.9	Kohler	1.0
Kohler	2.6	U.S. Brass	1.0
Gerber Industries	2.2	Midcor	0.2

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Peerless is the national brand of faucets carried most often by retail home improvement stores, especially those belonging to large, consumer-oriented chains, a national survey of retailers has shown.

Delta, another faucet brand manufactured by the same company as Peerless, showed up as the second most-carried name brand. Delta was found primarily in one-store independents and small chains which cater equally to the consumer and the professional.

The survey was designed to measure the market penetration of name brand faucets, nationally and regionally, while determining the size and primary customer of the retail home improvement companies which make such penetration possible. Responses were drawn from retailers representing 2,170 home center stores nationwide. The study also examined which brands retailers name first, among several, in respective product categories. Those asked to identify their best-selling faucet brands, for instance, most often named Peerless and Delta first, giving each brand 33.4% and 14.8% of the response respectively.

Sterling, the third most-carried name brand, was also ranked third in terms of name brand awareness. The most significant discrepancy between brand penetration and awareness was shown by Aqua-Line. Retailers seemed more aware of the name brand than the number of those actually carrying the line would indicate. Aqua-Line ranked seventh on the most-carried list, but moved to fifth place in first mentions among home center outlets.

Other leading brands mentioned by retailers were Price Pfister, in 9.7% of the nation's home centers; Stanadyne/Moen, in 8.4% of the stores, and American Standard in 7.3% of the stores. Kohler and U.S. Brass were in less than 3%.

Altogether, however, only 72.6% of American home improvement outlets currently carry name brand faucets, the survey showed.

Nearly 53% of those stores carrying Peerless belonged to chains with 10 or more units.

% of U.S. home center stores that carry top brand faucets—by company size

Percentages reflect distribution of brand penetration

No. of stores

One	
Delta-Delex Faucet	38.7%
Peerless Pottery	12.9
Price Pfister	9.7
American Standard	9.7
Sterling Faucet	8.1
Stanadyne/Moen div.	8.1

2-10	
Peerless Pottery	37.4%
Delta-Delex Faucet	28.2
Sterling Faucet	11.1
Aqua-line	10.3
Nibco	4.9

Over 10	
Peerless Pottery	52.6%
Delta-Delex Faucet	18.6
Price Pfister	15.7
Sterling Faucet	13.1
Stanadyne/Moen div.	13.1

Co. sales volume

Under $1 million	
Delta-Delex Faucet	43.0%
Price Pfister	14.2
Peerless Pottery	11.3
Sterling Faucet	10.4
Kohler	10.4

$1 million-$3 million	
Delta-Delex Faucet	29.4%
Peerless Pottery	21.9
Price Pfister	10.7
Stanadyne/Moen div.	9.7
Sterling Faucet	7.0

$3 million-$10 million	
Delta-Delex Faucet	32.5%
Peerless Pottery	29.1
Sterling Faucet	13.7
Aqua-line	13.3
American Standard	8.0

Over $10 million	
Peerless Pottery	52.9%
Sterling Faucet	18.8
Delta-Delex Faucet	16.0
Price Pfister	11.3
Stanadyne/Moen div.	11.3

Source: *NHCN;* Leo J. Shapiro and Assoc.

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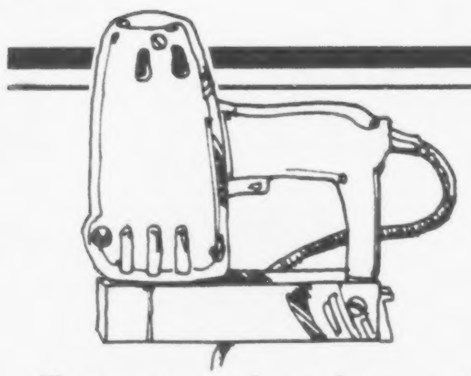


Fastener brands lack nationwide penetration

Fastener makers have yet to establish brand dominance among the nation's home centers, according to a new *National Home Center News* study of brand penetration in United States home centers.

In fact, while Arrow Fastener was carried by more home centers than any other single brand of fastener, none of the top five brands mentioned by retailers in the survey commanded better than 8.2% penetration in United States home centers, nor were in fewer than 5.6% of the stores.

VSI ranked second among "best-selling" fastener brands, being carried in 7.3% of the nation's home centers, followed by Bostik, Star Expansion and National.

Even among the second five brands listed, the percentages varied only slightly, perhaps indicating that among the leading fastener brands, none has succeeded in fully penetrating the home center market.

Statistically, there was a degree of brand preference when the survey's responses were broken down by region: Arrow, based in Saddle Brook, N.J., got its highest home center response from the Northeast; nearly one-quarter of the home centers in the West listed VSI as a best-selling brand; on the other hand, a very small percentage of those home centers listing National or Star Expansion were from the South.

The highest number of those home centers that identified VSI as a best-selling fastener brand in their stores were part of companies with annual sales over $10 million, whereas both Bostik and National received the greatest response rate from stores whose companies' sales were in the $1 million to $3 million range.

Dealers of chains with more than 10 units listed VSI as among the best-selling fastener brands more frequently than any other brand. Among the other five brands named, the percentage of home centers carrying each line did not change dramatically.

Three of the top five best-selling brands got a higher level of response from home centers catering to both contractors and consumers than those selling either exclusively.

TOP BRANDS STUDY: FASTENERS

MARKET PENETRATION BRANDS	% of home centers carrying that brand	TOP OF MIND AWARENESS BRANDS	% of home centers 1st mentioning that brand as best selling
Arrow Fastener	8.2	VSI	6.8
VSI	7.3	Arrow Fastener	5.7
Bostik, div. of Emhart Corp.	6.3	Bostik, div. of Emhart Corp.	4.9
Star Expansion Co.	5.7	Star Expansion Co.	4.6
National	5.6	National	3.8
Rockford Products	3.4	Rockford Products	2.4
Handi-Man Fasteners Inc.	2.9	Reed & Prince Mfg. Co.	2.3
Reed & Prince Mfg.	2.8	TECO	2.2
Stanley Works	2.8	Handi-Man Fasteners	1.9
Midwest Fastener	2.3	Stanley Works	1.7

2,170 stores surveyed: percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

None of the top five brands mentioned in the NHCN *survey commanded better than a 8.2% penetration in U.S. home centers.*

% of U.S. home center stores carrying name brand fasteners—by region

Northeast		North Central	
Arrow Fastener Co.	22.0%	Bostik, div. of Emhart Corp.	11.1%
Reed & Prince Mfg.	11.9	Rockford Products Corp.	6.6
National	5.7	National	6.2
Handi-Man Fasteners	5.7	Arrow Fastener Co.	6.1
Star Expansion	4.5	Star Expansion	5.1
Stanley Works	3.1	Midwest Fastener	4.9
Henry L. Hanson	3.1	Stanley Works	4.7
South		**West**	
Arrow Fastener Co.	8.4%	VSI	22.9%
VSI	7.2	Star Expansion	10.3
Steel & Wire Products	5.3	National	9.0
Bostick, div. of Emhart Corp.	4.4	Bostik, div. of Emhart Corp.	5.2
Teco	4.4	Handi-Man Fasteners	5.1
Star Expansion	3.8	Keystone Brass & Rubber Co.	5.1

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

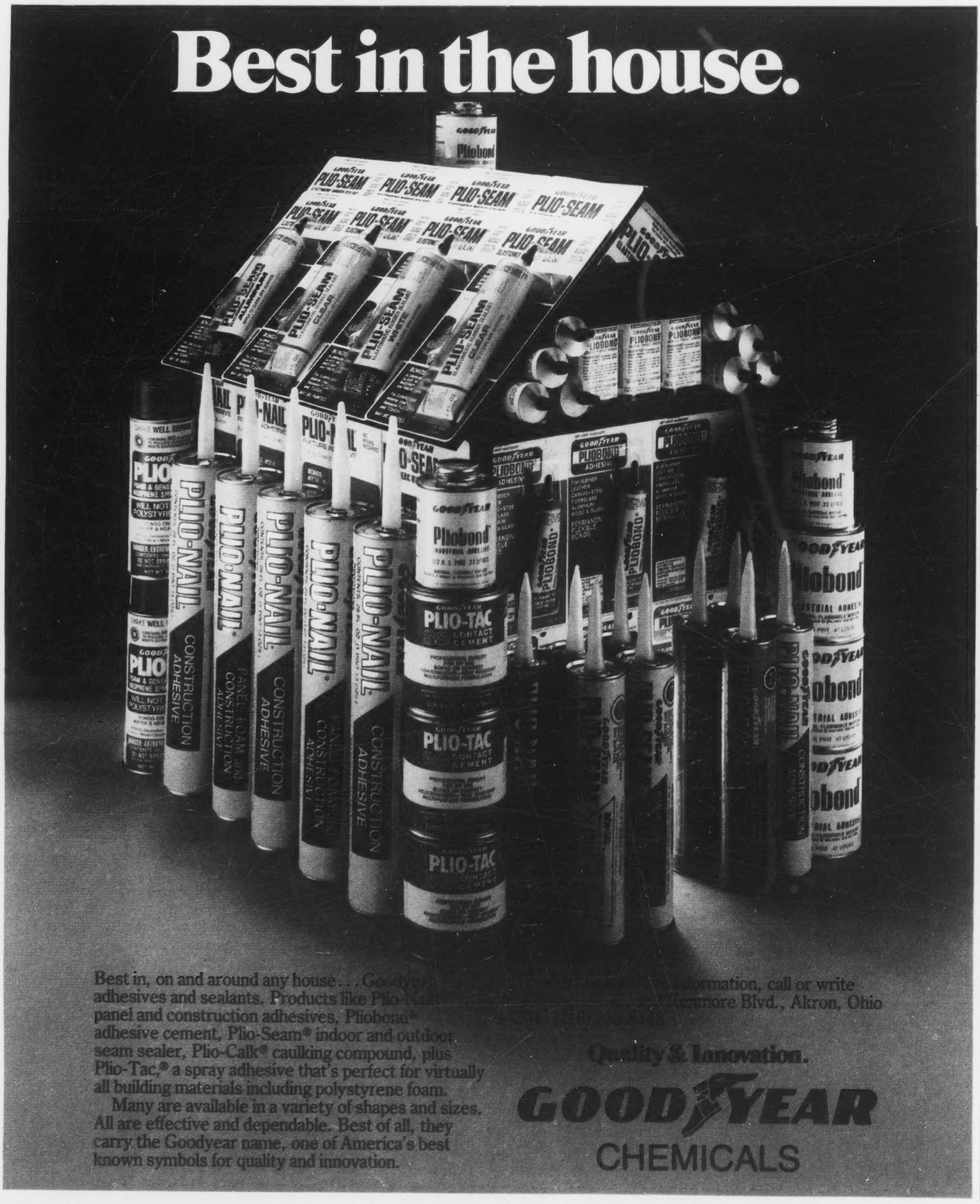
Statistically, there was a degree of brand preference when the NHCN *survey's responses were broken down by region with Arrow, Bostik and VSI leading the pack.*

% of U.S. home center stores that carry top brand fasteners—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Arrow Fastener Co.	9.7%
Bostik, div. of Emhart	6.5
Star Expansion Co.	6.5
National	6.5
Reed & Prince Mfg.	4.8
Stanley Works	4.8
Midwest Fastener	4.8
2-10	
Arrow Fastener Co.	7.2%
Bostik, div. of Emhart	7.1
Star Expansion Co.	5.3
National	5.0
VSI	4.7
Rockford Products	4.7
Over 10	
VSI	13.1%
Arrow Fastener Co.	7.9
Handi-Man Fasteners	7.9
Bostik, div. of Emhart	5.3
Star Expansion Co.	5.2
National	5.2
Rockford Products	5.2
Co. sales volume	
Under $1 million	
Arrow Fastener Co.	12.3%
Star Expansion Co.	7.1
VSI	3.6
Bostik, div. of Emhart	3.6
Midwest Fastener	3.6
$1 million-$3 million	
National	12.0%
Bostik, div. of Emhart	10.8
Arrow Fastener Co.	10.6
Star Expansion Co.	5.9
Midwest Fastener	5.0
$3 million-$10 million	
Teco	7.7%
National	7.1
VSI	6.8
Star Expansion Co.	6.4
Stanley Works	5.9
Over $10 million	
VSI	15.1%
Arrow Fastener Co.	12.4
Handi-Man Fasteners	11.3
Star Expansion Co.	7.5
Rockford Products	7.5

Source: *NHCN;* Leo J. Shapiro and Assoc.



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National door market open on name brand preference

Stanley leads the pack of door manufacturers in terms of the number of home center stores that carry its product, according to a recent survey by *National Home Center News.*

After Stanley, which is carried by roughly 15% of America's home center outlets, the other leading brands—like Pease, Nord, Therm-Tru, Simpson and Peachtree—are carried in less than 10% but more than 7% of stores.

When it comes to brand awareness, however, Stanley is still the leader but not by as strong a margin. In other words, 8.3% of retailers contacted in the *NHCN* poll mentioned Stanley first when asked for their best selling name brands in doors, but 7% mentioned Pease first and other brands were not far behind.

Taylor was relatively high in name recognition but lower in market penetration, while the reverse was true of Peachtree.

Figures analyzed

In terms of the kind of outlet where each brand is strongest, Stanley is carried by 28.1% of the outlets that cater to both the consumer and contractor customer, making that its strongest market. Pease is also strongest there; 18% of such stores carry that brand.

In contrast both Nord and Therma-Tru show their strength to be in contractor-oriented stores. Each brand is found in about 13% of those kinds of operations. Peachtree is strong in contractor stores also as well as contractor-consumer outlets, while its products are much less likely to be found in mainly consumer stores.

Regionally, Stanley shows strength throughout the country with its greatest presence in the North Central states, which is similar to Pease, although that brand is much less likely to be found in the South.

While brand doors are carried in home centers of all sizes, they seem to be most available in stores run by companies with volumes of $1 million to $10 million as opposed to very small or large operations.

TOP BRANDS STUDY: DOORS

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Stanley Doors/ Stanley Works	15.2	Stanley Doors/ Stanley Works	8.3
Pease	9.6	Pease	7.0
Nord	8.8	Simpson Hardware	5.8
Therma-Tru	8.6	Nord	3.8
Simpson Hardware	7.9	Therma-Tru	3.5
Peachtree	7.2	Taylor	3.4
Nicolai	5.7	Peachtree	2.7
Benchmark	5.0	Benchmark	2.7
Taylor	4.2	Anderson	2.5
Morgan	2.8	T. M. Cobb	2.5

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Stanley leads the pack of door manufacturers in terms of the number of home center stores that carry its product.

% of U.S. home center stores carrying name brand doors—by region

Northeast		North Central	
Peachtree	11.9%	Stanley Door/ Stanley Works	23.3%
Stanley Door/ Stanley Works	10.4	Pease	17.4
Pease	10.0	Peachtree	10.1
Simpson Hardware	9.0	Therma-Tru	9.5
Therma-Tru	8.8	Taylor	8.7
Morgan	5.7	Nord	8.2
Nu-Dor	5.7	Benchmark	7.5
South		**West**	
Stanley Door/ Stanley Works	16.4%	Nord	14.2%
Therma-Tru	13.4	Simpson Hardware	14.2
Nord	11.1	T. M. Cobb	13.2
Simpson Hardware	9.5	Nicolai	12.8
Nicolai	8.1	Castlegate	5.1
Benchmark	7.4	Croft	5.1
Pease	5.6	Forever Door	5.1

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

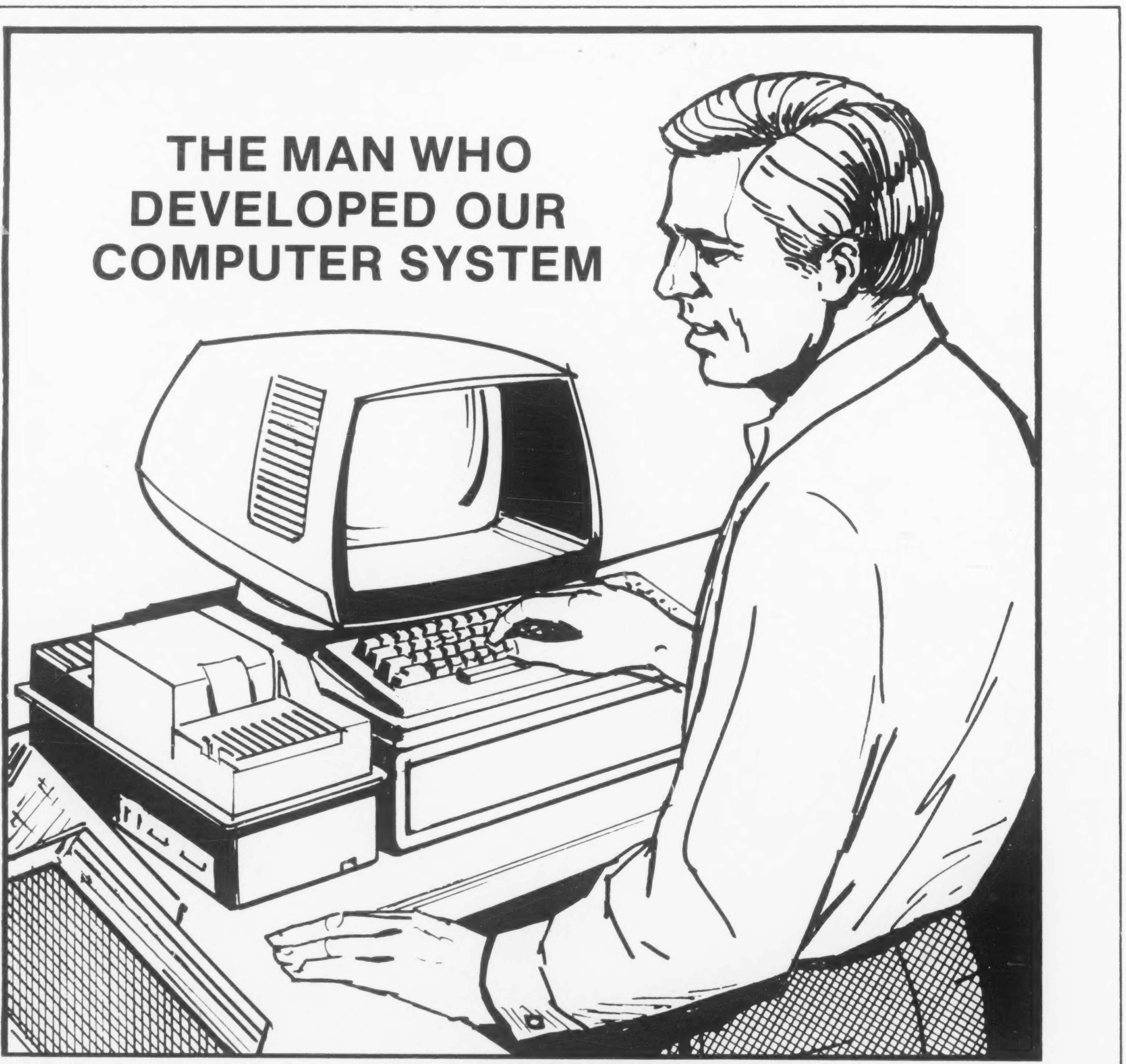
Regionally Stanley showed strength throughout the country with its greatest presence in the North Central states, as did Pease, although that brand is much less likely to be found in the South.

% of U.S. home center stores that carry top brand doors—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Stanley Door/ Stanley Works	16.1%
Simpson Hardware	9.7
Peachtree	9.7
Nord	8.1
2-10	
Stanley Door/ Stanley Works	16.8%
Pease	15.2
Simpson Hardware	12.4
Nord	7.4
Therma-Tru	5.5
Over 10	
Stanley Door/ Stanley Works	13.1%
Therma-Tru	13.1
Pease	10.5
Nord	10.5
Peachtree	8.0
Co. sales volume	
Under $1 million	
Stanley Door/ Stanley Works	12.0%
Therma-Tru	12.0
Pease	10.4
Morgan	10.7
Young Door	10.7
$1 million-$3 million	
Stanley Door/ Stanley Works	23.9%
Simpson Hardware	17.8
Benchmark	13.3
Pease	10.5
Nord	7.4
$3 million-$10 million	
Stanley Door/ Stanley Works	20.2%
Pease	15.5
Nord	10.3
Simpson Hardware	8.6
Peachtree	8.0
Over $10 million	
Stanley Door/ Stanley Works	15.4%
Peachtree	11.3
Pease	8.9
Therma-Tru	7.5
Taylor	5.1

Source: *NHCN;* Leo J. Shapiro and Assoc.



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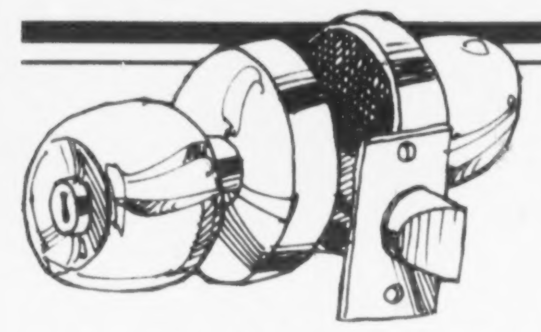

DIY market secure for lockset companies

TOP BRANDS STUDY: LOCKSETS

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Kwikset	51.5	Kwikset	35.6
Weiser	31.6	Weiser	20.4
Schlage Lock	26.1	Schlage Lock	11.7
Dexter	18.6	Dexter	9.3
Moss Manufacturing	6.4	Weslock	4.1
Yale	6.3	Harloc Products	2.0
Weslock	5.7	Yale	1.6
National Lock	4.2	Moss Manufacturing	1.5
Master Lock Co.	3.0	National Lock	1.0
Harloc Products	2.8	S. Parker	0.8

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

% of U.S. home center stores carrying name brand locksets—by region

Northeast		North Central	
Kwikset	58.9%	Kwikset	45.5%
Schlage Lock	34.8	Weiser	45.2
Dexter	17.8	Dexter	24.4
Weiser	15.2	Schlage Lock	18.1
Yale	14.5	Moss	5.5
		Weslock	5.4
		Yale	5.3

South		West	
Kwikset	45.2	Kwikset	65.2
Dexter	20.8	Weiser	42.6
Schlage Lock	20.5	Schlage Lock	41.6
Weiser	15.8	Moss	22.9
Weslock	8.1	National Lock Hardware	8.1
Master Lock	6.6	Weslock	7.8
		Yale	5.2

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Nine out of 10 home centers carry some brand of locksets. Kwikset, carried by 51.5% of all home center stores is clearly the leading brand. In the Northeast, nearly 60% of stores carry the brand, and in the West, 65.2%.

Nine out of 10 home centers carry some brand of locksets, according to the new *National Home Center News* national brands survey. In the West, virtually all stores carry this merchandise on their shelves.

Companies doing less than $1 million volume represent an exception to this rule, since only 75% of them carry locksets.

Kwikset, carried by over 51% of all home center stores, is the leading brand. In the Northeast, nearly 60% of stores carry the brand, and in the West, 65.2%.

Weiser, which is carried in 31.6% of the country's home center stores, shows its strongest penetration in the North Central states, where 45.2% of the stores carry it, and in the West, where 42.6% of the stores carry it. This brand has a strong presence in moderate size companies doing between $3-and-$10 million annually, nearly half of which carry it.

Schlage Lock, carried by 26.1% of stores, is the third most popular brand. The brand is strongest in the Western states, where 41.6% of the stores carry it, and among stores that serve predominantly contractors, 30.6% of which carry the brand.

While Dexter is carried by 18.6% of stores, no other brand is carried by more than 7% of all stores.

However, Moss is carried by over 15% of stores in companies doing over $10 million; Yale is carried by over 13% of stores in companies doing from $3 to $10 million.

Weslock is carried by over 15% of stores in companies with annual volumes of over $10 million while nearly 13% of these same stores carry National Lock.

As for apparent brand recognition, first mention ranking of brands was similar to the penetration level results on store shelves. One exception was Harloc, which was the 10th most commonly stocked brand, but the sixth most often mentioned first by stores.

% of U.S. home center stores that carry top brand locksets—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Kwikset	50.0%
Weiser	33.9
Schlage Lock	24.2
Dexter	17.7
2-10	
Kwikset	54.8%
Weiser	32.2
Schlage Lock	21.7
Dexter	13.2
Master Lock	8.2
Over 10	
Kwikset	50.0%
Schlage Lock	31.5
Weiser	29.0
Dexter	23.7
Moss	13.1
Co. sales volume	
Under $1 million	
Kwikset	46.6%
Weiser	33.7
Schlage Lock	14.2
Dexter	10.7
Harloc	6.8
$1-$3 million	
Kwikset	55.5%
Weiser	29.7
Schlage Lock	24.7
Dexter	20.2
Yale	6.9
$3-$10 million	
Kwikset	49.9%
Weiser	47.8
Schlage Lock	23.5
Dexter	18.9
Yale	13.1
Over $10 million	
Kwikset	57.5%
Weiser	24.2
Schlage Lock	23.6
Dexter	17.8
Moss	15.1
Weslock	15.1

Source: *NHCN;* Leo J. Shapiro and Assoc.

Send us your personnel promotions and changes so that *NHCN* can keep the industry up to date about your chain. Include name of individual, company, new position, old position and years with the firm. Also, if possible, send black-and-white photo to People, *National Home Center News,* Lebhar-Friedman, 425 Park Ave., New York, N.Y. 10022.

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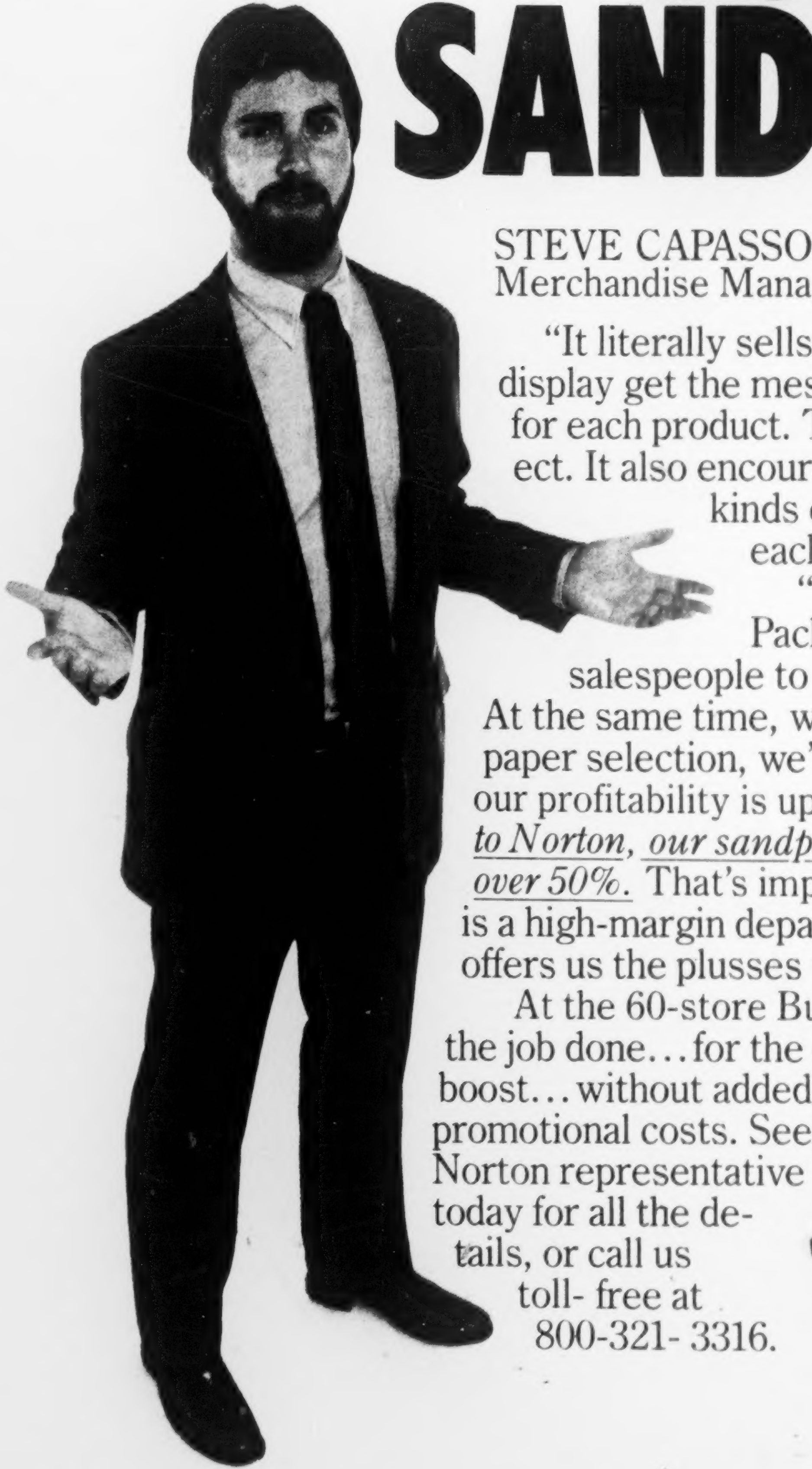

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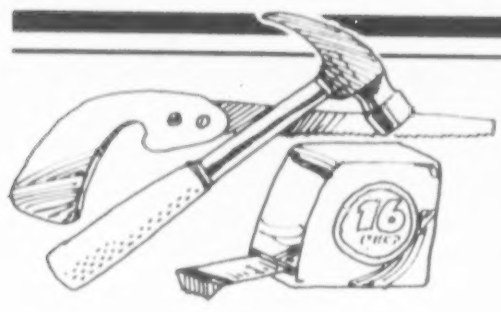


Stanley Tools has high profile among retailers

Stanley Tools holds a significant lead not only in its hand tool penetration in American home centers, but even more so in dealer brand awareness, a new survey of home improvement retailers shows.

Stanley Tools was mentioned as one of the best-selling hand tool brands carried by 7 out of 10 home centers in the United States and 9 of 10 stores belonging to companies with $10 million or more in sales.

Moreover, when retailer responses were tracked to see which brand they mentioned first, Stanley Tools outdistanced all other brands, being named first by two-thirds of the nation's home improvement outlets, compared to the next leading brand, which was named by 5% of the stores.

The difference represents, in part, the high identity factor Stanley appears to have among retailers, although not necessarily the proportion of actual sales volume or market shared.

Home centers also predominantly cited as best selling the multiple hand tool lines made by The Cooper Group: Cooper's Plumb line of axes and hammers ranked second among the best-selling brands listed; Cooper's corporate name placed fourth, and its Nicholson line of hand saws finished 11th.

Saw product brands, in fact, figured importantly as best-selling names identified by home centers: Disston, Great Neck Saw and Vermont American (which also make other kinds of hand tools besides saws) were among the top 10 brands listed.

Filling out the rest of the list were hand tools made by Black & Decker and Skil which serve basically as accessories to those companies' power equipment; the Whitestone, N.Y.-based Fuller Tool Co., which manufactures and imports a wide range of hand tools, and Blue Grass, the brand name under which Belknap, the Louisville,

The Plumb brand got its highest response from home centers located in the West, and among those stores which are part of chains with 10 stores or more. However, the brand was also identified most frequently by dealers representing stores whose companies do less than $1 million in sales, an indication, perhaps, that the brand is popular both with small and large home center companies.

% of U.S. home center stores carrying name brand hand tools—by region

Northeast		**North Central**	
Stanley Tools	75.1%	**Stanley Tools**	67.4%
Great Neck Saw Manufacturers	17.5	**Black & Decker**	17.4
Cooper	14.1	**Plumb**	12.6
Black & Decker	9.3	**Skil Corp.**	8.0
Tru Temper	9.3	**Cooper**	6.9
Plumb	8.8	**Fuller Tool**	6.5
Master Mechanic	6.2	**Eastwing**	5.3
South		**West**	
Stanley Tools	75.7%	**Stanley Tools**	80.9%
Cooper	16.3	**Plumb**	32.1
Fuller Tool Co.	14.3	**Fuller Tool Co.**	1268
Plumb	14.1	**Black & Decker**	12.6
Blue Grass	14.0	**Vaughan & Bushnell**	10.1
Black & Decker	10.7	**Vermont American**	9.0
Skil Corp.	8.9	**Disston**	7.8

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

TOP BRANDS STUDY: HAND TOOLS

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Stanley Tools	73.5	**Stanley Tools**	64.5
Plumb	16.1	**Plumb**	5.3
Black & Decker	13.2	**Black & Decker**	4.7
Cooper	10.4	**Skil Corp.**	3.4
Fuller Tool	9.8	**Master Mechanic**	2.1
Skil Corp.	6.4	**Great Neck Saw Mfrs.**	1.5
Disston Co.	5.6	**Cooper**	1.4
Great Neck Saw Mfrs.	5.5	**Tru-Temper**	1.1
Vermont American	4.2	**Nicholson**	1.1
Blue Grass	3.8	**Blue Grass**	1.0

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

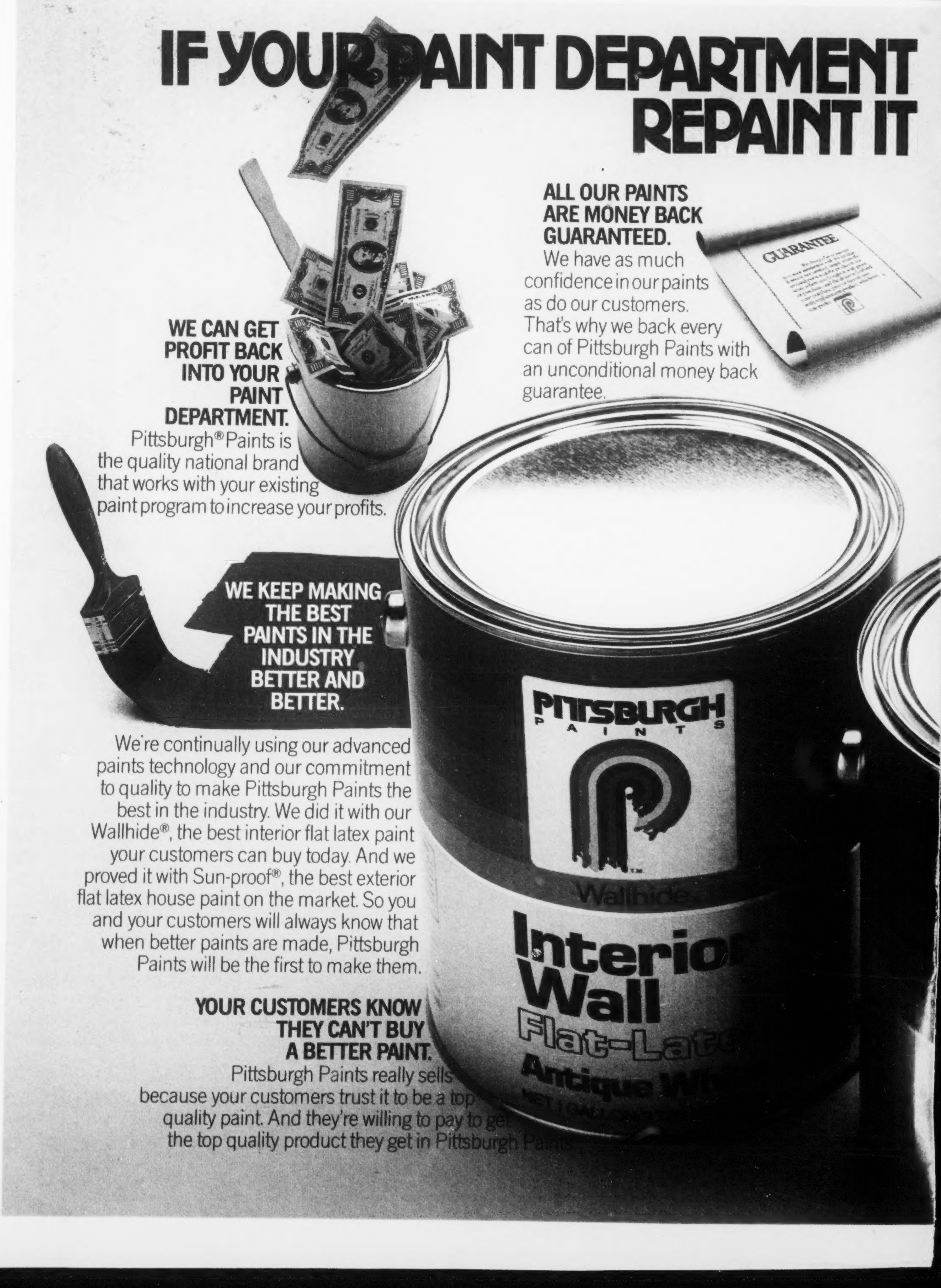
Stanley Tools was mentioned as one of the best-selling hand tool brands carried by 7 out of 10 home centers in the United States, according to a retailer survey. When responses were tracked to see which brand they mentioned first, Stanley Tools outdistanced all other brands by a wide margin. The brand holds a dominant position in all four regions of the country.

% of U.S. home center stores that carry top brand hand tools—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Stanley Tools	62.9%
Plumb	19.4
Black & Decker	12.9
Fuller Tool Co.	12.9
Nicholson	11.3
2-10	
Stanley Tools	72.1%
Black & Decker	20.1
Skil Corp.	12.5
Disston Co.	8.5
Cooper	7.8
Over 10	
Stanley Tools	84.1%
Plumb	21.1
Cooper	13.1
Fuller Tool Co.	10.5
Black & Decker	7.9
Eastwing	7.9
Co. sales volume	
Under $1 million	
Stanley Tools	65.1%
Plumb	24.9
Fuller Tool Co.	21.3
Cooper	17.8
Nicholson	14.2
$1 million-$3 million	
Stanley Tools	60.1%
Black & Decker	12.8
Plumb	12.0
Skil Corp.	10.3
Great Neck Saw Mfrs.	9.5
$3 million-$10 million	
Stanley Tools	77.1%
Plumb	15.6
Black & Decker	13.7
Fuller Tool Co.	11.1
Cooper	9.9
Over $10 million	
Stanley Tools	91.8%
Cooper	11.3
Plumb	9.8
Fuller Tool Co.	7.5
Great Neck Saw Mfrs.	7.5

Source: *NHCN;* Leo J. Shapiro and Assoc.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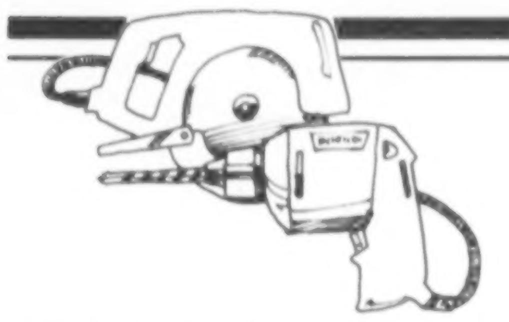

U.S. brands dominate power tool market

Black & Decker and Skil continue to be the powerhouse brand names in the power tool market, with each brand being carried by nearly 60% of the nation's home center stores.

Unlike the hand tool market, where import penetration has eroded some of the domestic manufacturers' market share, American-made brands dominate the power tool field. However, Makita, which imports a high-end line of portable power equipment, ranked a surprising third as the brand identified by home centers as being the best selling, although its market penetration still lags far behind B&D's or Skil's.

Makita is carried in 18.4% of home centers, while Rockwell International the next strongest brand in market penetration, is carried by 16%.

The rest of the field appears to be carried by a relatively small percentage of home centers, although some things are worth noting: Milwaukee's premier line of tools managed to be mentioned as one of the best-selling brands, despite its high price point; the Duracraft import line of stationary drill presses and other tools ranked seventh overall; B&D's stationary tool division, DeWalt, came in as the 10th ranked best-selling brand identified by home centers, and McCulloch appears to have maintained a brand franchise of its own among home centers, although it specializes in the manufacture of outdoor power equipment such as chain saws and string trimmers.

In addition, Porter Cable, which was purchased in 1960 by Rockwell and was sold last year to Pentair Co., has been distributing portable power tools under its own name, and ranked sixth overall as a best-selling brand, two places behind Rockwell, which continues to manufacture stationary equipment.

B&D's and Skil's market penetration runs the gamut in all parts of the country and with home centers of every shape and size. The highest percentage of home centers carrying Skil were in the West, where almost two-thirds of the stores carry that brand. B&D showed a little softness with those home centers that were part of smaller companies with sales of between $1 million and $3 million, but got its highest response rate from home centers whose companies did in excess of $10 million in sales, about two-thirds of which carry the brand. In addition, 7 out of every 10 home centers surveyed that identified B&D as a best-selling brand were part of companies with more than 10 stores.

Skil, too, was well represented in larger chains, although it received its highest response rate from those home centers whose companies did between $3 million and $10 million in annual volume.

% of U.S. home center stores carrying name brand power tools—by region

Northeast		**North Central**	
Black & Decker	55.1%	**Black & Decker**	62.0%
Skil Corp.	52.9	**Skil Corp.**	55.7
Makita	24.6	**Rockwell Int'l**	23.6
Rockwell Int'l	22.2	**Makita**	10.5
Porter Cable	12.9	**Milwaukee Tools**	4.5
Milwaukee Tools	6.2	**Duracraft**	4.4
Wen Products	5.7	**Porter Cable**	2.8
South		**West**	
Skil Corp.	59.5%	**Skil Corp.**	73.1%
Black & Decker	58.3	**Black & Decker**	62.7
Makita	14.3	**Makita**	33.6
Rockwell Int'l	7.7	**Rockwell Int'l**	8.0
Milwaukee Tools	6.1	**Duracraft**	5.1
Porter Cable	3.8	**Wen Products**	5.1
		McCulloch	5.1

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

TOP BRANDS STUDY: POWER TOOLS

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Black & Decker	59.9	**Skil Corp.**	34.9
Skil Corp.	59.6	**Black & Decker**	34.4
Makita	18.4	**Makita**	8.4
Rockwell Int'l	16.0	**Rockwell Int'l**	4.5
Milwaukee Tools	4.9	**Milwaukee Tools**	1.8
Porter Cable	4.2	**Porter Cable**	0.8
Duracraft	2.6	**Other**	3.3
Wen Products	2.2		
McCulloch	1.9		
DeWalt	1.0		

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Makita ranked a surprising third as the brand identified by home centers as being best-selling, but Black & Decker and Skil are by far the leaders in market penetration. Regionally (chart, left), Black & Decker is strongest in the Northeast and North Central; Skil in the South and West.

% of U.S. home center stores that carry top brand power tools—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Black & Decker	54.8%
Skil Corp.	53.2
Rockwell Int'l	19.4
Makita	11.3
Milwaukee Tools Corp.	8.1
2-10	
Skil Corp.	62.1%
Black & Decker	51.9
Makita	19.4
Rockwell Int'l	19.1
Milwaukee Tools Corp.	7.4
Over 10	
Black & Decker	71.0%
Skil Corp.	63.3
Makita	23.7
Rockwell Int'l	10.6
Co. sales volume	
Under $1 million	
Black & Decker	59.9%
Skil Corp.	51.8
Rockwell Int'l	20.7
Milwaukee Tools Corp.	12.0
Makita	9.1
$1 million-$3 million	
Skil Corp.	61.4%
Black & Decker	43.6
Rockwell Int'l	22.4
Makita	13.9
Porter Cable	9.5
$3 million-$10 million	
Skil	68.8%
Black & Decker	62.3
Makita	31.5
Rockwell Int'l	20.6
Over $10 million	
Black & Decker	66.3%
Skil Corp.	64.1
Makita	16.4
Rockwell Int'l	7.5

Source: *NHCN;* Leo J. Shapiro and Assoc.

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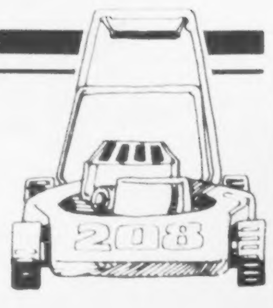
NHCN TOP BRANDS STUDY

Northeast stores carry more name brand mowers



The remaining name brands in the top 10 included Wheeler, Lawn Chief—an MTD product—Snapper, Dynamark and Black & Decker, all of whom were carried by less than 4% of the respondent population.

Wheeler, with 3% of the vote, showed its strongest penetration in the Northeast. The name brand was also shown to be most dominant among stores that belong to chains of two to 10 units, as well as stores belonging to companies with annual sales of between $3 million and $10 million.

Name brand lawn mowers are carried by slightly more than a third of the stores in the retail home improvement industry, a national survey of home center retailers has found.

The survey, designed to measure the market penetration of name brand merchandise in more than 15 separate product categories, showed that lawn mower name brands are carried most often by stores in the Northeast, where 46.6% of those polled said they carry such merchandise.

More than 40% of the stores located in the West said they carry name brand lawn mowers.

Research showed that name brand lawn mowers are handled mostly by larger operations. Just over half the stores belonging to chains with sales in excess of $10 million carry the product. Name brand lawn mowers also are carried by 43% of those stores catering primarily to the consumer and 41% of those aiming at both the consumer and contractor, compared to only 8% of stores serving contractors primarily.

Both Lawn Boy and Toro were shown to be the most-carried brands in the industry, each being carried in 9% of the nation's home center stores, while Sunbeam was carried by 8.7%.

Toro came out slightly ahead of Lawn Boy in terms of name brand identification. Some 5.5% of retailers who were asked to name their best-selling lawn mower brands named Toro first, compared to the 4.2% who first named Lawn Boy, and 3.4% named Sunbeam.

The two brand names seemed dominant in different regions with Toro being carried most often in the West and North Central, and Lawn Boy showing by far the larger penetration in the Northeast.

Sunbeam, the third most-carried name brand, showed nearly equal distribution in the Northeast and West, where the brand name is carried by 15.8% and 17.7% of stores, respectively.

MTD was found to be carried most often by chains with between two and 10 units. This name brand also showed its heaviest penetration in the Northeast.

TOP BRANDS STUDY: LAWN MOWERS

MARKET PENETRATION Brands	% of home centers carrying that brand	TOP OF MIND AWARENESS Brands	% of home centers 1st mentioning that brand as best selling
Lawn-Boy	9.0	Toro	5.5
Toro	9.0	Lawn-Boy	4.2
Sunbeam	8.7	Sunbeam	3.4
MTD	4.9	Lawn Chief	2.2
Homelite-Jacobsen	4.4	Wheeler	2.0
Wheeler	3.0	Dynamark Corp.	1.9
Lawn Chief	2.7	MTD	1.9
Snapper	2.0	Black & Decker	1.7
Dynamark Corp.	1.9	Murray	1.2
Black & Decker	1.7	Homelite-Jacobsen	1.0

2,170 stores surveyed; percentages projectable to all U.S. home centers

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

Lawn Boy and Toro are each carried by 9% of the stores in the retail home improvement industry, according to a national survey of retailers. Name brands seem to have concentrated penetration among stores belonging to large chains in the Northeast and West.

% of U.S. home center stores carrying name brand lawn mowers—by region

Northeast		North Central	
Sunbeam	15.8%	Toro	11.3%
Lawn-Boy	14.7	Lawn-Boy	9.9
Homelite-Jacobsen	11.4	Lawn Chief	5.2
MTD	8.5	Sunbeam	3.3
Wheeler	5.9	MTD	3.3
Black & Decker	4.2		
Murray	4.2		
South		**West**	
Toro	7.1%	Sunbeam	17.7%
Sunbeam	5.3	Toro	12.3
MTD	3.7	Lawn-Boy	10.1
Wheeler	3.7	MTD	6.3
Lawn-Boy	3.6	Homelite-Jacobsen	5.2
Black & Decker	3.6	Dynamark Corp.	5.1

Source: *National Home Center News;* Leo J. Shapiro and Assoc.

% of U.S. home center stores that carry top brand lawn mowers—by company size

Percentages reflect distribution of brand penetration

No. of stores	
One	
Lawn-Boy	3.2%
Lawn Chief	3.2
2-10	
Lawn-Boy	10.2%
Sunbeam	9.5
MTD	9.5
Toro	8.5
Wheeler	6.6
Over 10	
Toro	15.8%
Sunbeam	15.7
Lawn-Boy	13.1
Homelite-Jacobsen	10.6
MTD	5.2
Dynamark Corp.	5.2
Co. sales volume	
Under $1 million	
MTD	6.5%
Lawn Chief	3.6
Snapper	3.6
Yazoo	3.6
$1 million-$3 million	
Murray	5.8%
Toro	5.6
Sunbeam	3.4
Lawn-Boy	3.4
$3 million-$10 million	
Sunbeam	10.0%
Wheeler	9.1
Lawn-Boy	8.9
MTD	4.6
Lawn Chief	4.1
Over $10 million	
Lawn-Boy	15.1%
Sunbeam	15.1
Toro	11.9
Homelite-Jacobsen	11.3
MTD	7.5

Source: *NHCN;* Leo J. Shapiro and Assoc.

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FINANCIAL NEWS

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Lowe's	8/26-4 wks.	$116,000	$ 79,100	47	—	—	—
Payless Cashways	8/27-3rd qtr.	252,063	172,972	46	$10,904	$6,866	59
Scotty's	8/27-4 wks.	29,704	22,817	—	—	—	—

*$ in thousands

Source: Company reports

Payless net up 59% thru 3 quarters

KANSAS CITY, Mo.—A 59% increase in net income and a 46% increase in sales during the third quarter ended Aug. 27 helped to move Payless Cashways past its sales and earnings figures for all of 1982 with another quarter still left in the current fiscal year.

Net income in the quarter reached $10.9 million on sales of $252.1 million compared to third quarter 1982 income of $6.9 million on sales of $173 million. The figures pushed three-quarter totals at Payless to $24.4 million in net income on sales of $613.8 million.

During all of fiscal 1982, Payless had recorded $23.1 million in net earnings on $603.2 million of sales.

"We are particularly pleased with our third quarter results, especially when considering the unusually hot summer in much of our trade territory," said president David Stanley. "Our stores in the states of California, Texas and Oklahoma continue to lead the company in sales gain, confirming the decisions over the past several years to increase our market penetration in those areas."

Overall, sales at Payless units opened at least one full year were up 18% in the quarter compared to a year ago.

During the third quarter, Payless added five stores, including its third outlet in Columbus, Ohio, its eighth and ninth stores in the Houston market in Baytown and Pasadena, Tex., its fourth unit in the Phoenix market in Chandler, Ariz., and the former Morrison Building Supply Center in Salina, Kan., to bring the chain's total to 117 stores.

Lowe's sales set torrid pace

NORTH WILKESBORO, N.C.—Lowe's continued its torrid sales pace of 1983 when the 235-store chain posted a 47% increase in volume during August, officials announced.

The company totaled $116 million in sales in the four weeks ended Aug. 26 compared to $79.1 million recorded in the similar period in 1982. The performance pushed Lowe's sales for the first seven months of fiscal 1983 to $833.7 million, 42% better than last year.

Once again for Lowe's, the sales gain from the professional side of the business outpaced the gain from the consumer portion for the chain during the month. Builder volume rose 74% from a year ago to $59.5 million, or 51% of the month's total volume, while consumer sales were up 26% to $56.5 million, officials said.

Sales at the 233 units opened for at least a year increased 46% in August to $115.2 million, according to Lowe's officials.

Professional builders boost Scotty's sales

WINTER HAVEN, Fla.—Florida's improving business climate, especially in the professional builder sector, helped Scotty's report a 30% increase in sales for the four weeks ended Aug. 27, according to Ray H. Cooney, the chain's president and chief operating officer.

The 103-store company, with all but one of its units operating in Florida, reached $29,704,010 in August sales compared to $22,816,788 a year ago.

Cooney said about two-thirds of the August sales increase was attributable to gains made in the professional builder market.

PEOPLE

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National Home Center News

STOCK PRICES

	As of 9/13	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)	38¼	47⅜	25⅝	26
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	15⅝	19½	7	—
Forest City (AMEX)	28½	30⅝	13¼	49
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	47⅝	50⅜	34⅞	13
Lowe's (NYSE)	25⅛	32¾	11¾	22
Pay 'N Pak (NYSE)	19	24	16⅝	14
Payless Cashways (NYSE) [Furrow]	24⅜	34½	13¼	26
Scotty's (NYSE)	16⅜	21⅛	12¾	17
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	15¼	16½	9	—

Nasdaq national—over-the-counter stocks

	As of 9/13	52-week High	52-week Low	P/E Ratio
Hechinger	27	38½	16⅜	—
The Home Depot	29	31⅛	6⅛	—
Pay 'n Save	25⅞	27⅝	11	—

Over-the-counter stocks

	As of 9/13		52-week	
	Bid	Asked	High (Bid)	Low (Bid)
Erb Lumber	20	22½	23	8½
Home Centers of America	9½	10	12½	5
Home Centers of America [units]	28½	31	38	13¼
Hines Lumber	27	28	31	14
Scotts Seaboard [Scott's]	4½	5½	4¾	⅝
Wolohan Lumber	6½	6⅝	10⅛	4⅛

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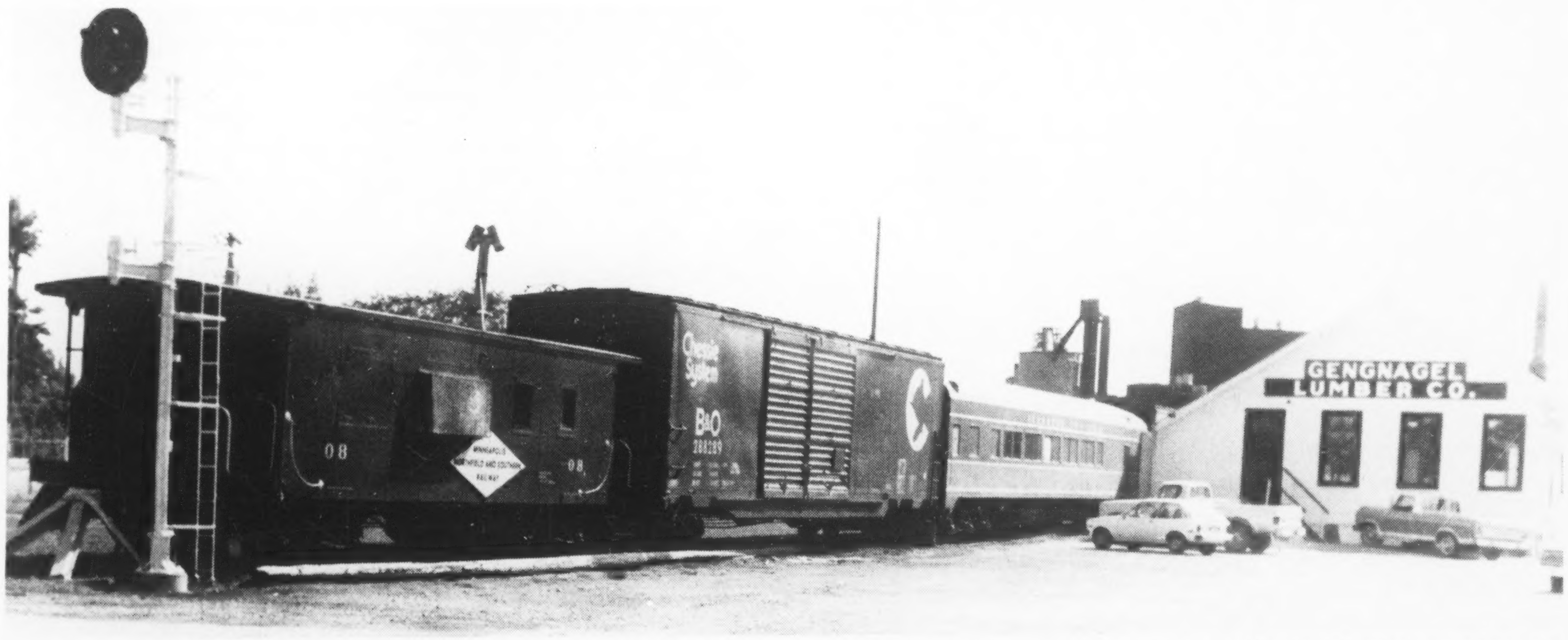


The Gengnagel Lumber Co., a one-store independent in Auburn, Ind., bought seven old railroad cars—including a vintage Pullman—as an inexpensive means of creating office and storage space, as well as a source of promotions. Photo courtesy of Gengnagel Lumber Co.

Gengnagel's railroad generates publicity

AUBURN, Ind.—The Gengnagel Lumber Co. has found itself a new corporate home, refashioned its retail image and developed a limitless source of special promotions—all with the purchase of seven old railroad cars.

Company president Albert Gengnagel said the one-store independent moved its offices into the plush interior of a renovated Pullman passenger car in July. Four boxcars have come into use as storage space for commodities and building materials, while a fifth lies empty and waiting for the company's first "authentic" carload sale. The final feature in this sidetrack exhibit is, of course, the caboose, which sits furthest from the store so as to be seen by passing motorists on nearby Route 8.

This unlikely marriage of home center retailing and railroad memorabilia first came into being as an inexpensive means of creating office and storage space. Within just two months, however, employees have begun offering customer tours of the Pullman and caboose while radio spots identify Gengnagel Lumber as the store with the train.

Gengnagel said the railroad cars also have spawned two new goals: One is the creation of an on-lot "dining car" restaurant, while the other involves a Pullman passenger car that can be used for leisure trips throughout the region.

"We needed a new office after we sold the old one with our fuel oil and gasoline, and liquid propane businesses," Gengnagel said. "My dad [board chairman Harold Gengnagel] and I came up with the idea of the railroad cars—we used to be in the coal business and got to know trains pretty well.

"We wouldn't have been able to build such a luxurious office and have the storage space for the price," he added.

Between purchases and renovations, Gengnagel Lumber paid about $30,000 for the current setup. All seven cars rest on a sidetrack that runs alongside the former New York Central Freight Depot, where the Gengnagel store is housed. The president said it is the site's accessibility to nearby rail systems that allowed the firm to purchase the Pullman and caboose from a private resident and have them hauled 80 miles by the Chesapeake & Ohio Railroad Co.

Four boxcars provide Gengnagel with a combined storage area of 2,000 sq. ft., which is devoted to drywall, rolled roofing, thermax and sheetmetal fittings. The building itself contains 2,000 sq. ft. of retail space, plus an equal amount of warehouse area.

The Pullman, which measures 800 sq. ft., provides office space for the Gengnagels and their bookkeeper. The president said the interior still boasts the carpeting, light fixtures, air ducts and wiring originally built into the car in 1933. The car, which is connected to the retail store at the side, is cooled by air-conditioning and warmed by steam heat.

Gengnagel said the store, which generated sales of approximately $500,000 last year, has gained some considerable notoriety—including a feature story in the *Fort Wayne Journal-Gazette*—since the addition of the railroad cars. The president estimates that between eight and 10 people per day are taken through the Pullman.

Among the items of interest to be found inside the car is the president's own Lionel train set, one given him on a distant Christmas Day more than 30 years ago.

Gengnagel said he has no way of telling what kind of affect the railroad cars have had on customer traffic. "But I think there would have to be some new people coming down just to have a look," he speculated.

"We just wanted something unique, and I think we've got it," he said.

The president was not specific about the likelihood of a new Pullman for club dining and private parties. "But we've still got plenty of room, and there are two or three other cars we're looking at right now."

FUTURES

Two weeks ended Sept. 6, 1983

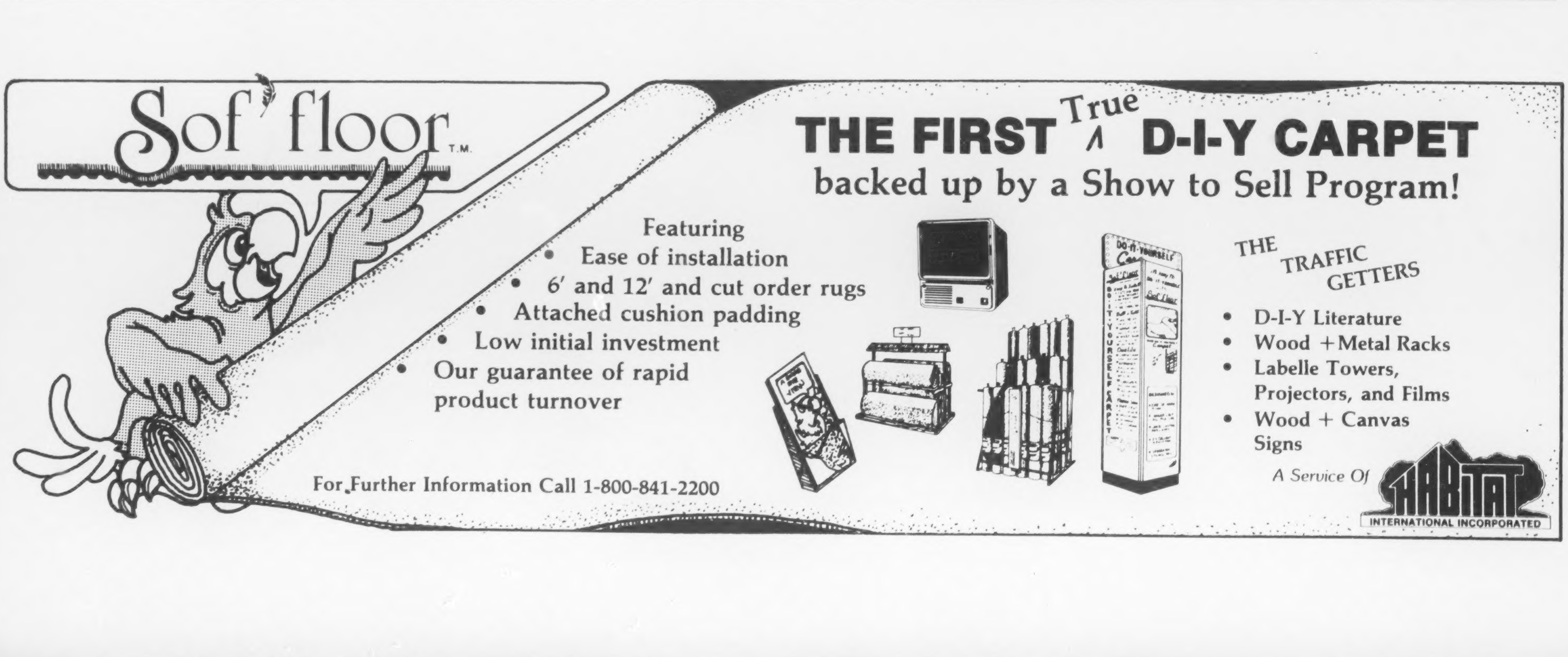
				Previous	Open*	Contract	
	High	**Low**	**Close**	**Week**	**Interest**	**High**	**Low**
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Sept.	162.50	145.00	148.50	154.80	204	240.40	145.00
Nov.	176.40	161.10	167.70	170.30	5,525	229.90	161.10
Jan. '84	189.30	172.30	179.00	184.10	1,714	234.00	172.30
March	202.70	184.80	191.80	194.80	764	240.50	184.80
May	211.50	195.30	200.30	203.10	212	245.50	195.30
July	219.50	204.00	210.50	214.00	69	252.50	204.00
Sept.	227.50	209.80	217.90	221.40	37	236.00	209.80

Total Contract Vol. (Through 9/16): 765 **Previous Two Weeks: 2,404**
Total Open Interest (As of 9/15): 8,525 **Previous Week: 8,113**
Cash Price: $147.00 **Previous Week: $154.84** **Year Ago: $133.28**

	High	**Low**	**Close**	**Previous Week**	**Open* Interest**	**Contract High**	**Contract Low**
PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
Sept.	183.00	176.10	182.90	179.00	4	223.90	172.80
Nov.	185.40	180.20	185.40	182.50	614	226.60	177.20
Jan. '84	188.00	182.50	187.50	183.80	112	223.00	179.70
March	193.00	186.50	192.50	188.20	219	225.00	183.00
May	195.50	190.00	195.50	191.50	21	194.50	187.50
July	198.50	193.00	198.50	194.50	20	197.50	190.50

Total Contract Vol. (Through 9/16): 27,855 **Previous Two Weeks: 28,748**
Total Open Interest (As of 9/15): 990 **Previous Week: 1,024**
Cash Price: $181.30 **Previous Week: $180.32** **Year Ago: $166.60**

CME—Chicago Mercantile Exchange CBT—Chicago Board of Trade
*Figures for Thursday, Sept. 15.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.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A Service Of HABITAT INTERNATIONAL INCORPORATED

Payless tops list of industry TV advertisers

(Continued from page 1)

primarily at cultivating a store image of broad merchandise selections, quality name brands and service.

"Spending will not continue to rise at that rate," Pond joked during a recent interview, "or we'll be bankrupt by mid-1984, I'd say."

TVB spokesman Bob Grebe cautioned that spending estimates should serve only as a guide to the actual volume of TV air time purchased by an individual advertiser. The estimates are determined by the Broadcast Advertisers Report (BAR), which monitors a sampling of TV air time in the nation's 75 largest markets and then applies the advertising rates particular to each market and commercial length.

Estimates also do not necessarily include the financial support reaped from co-op advertising programs.

TVB showed eighth-ranked Scotty's to have increased its television expenditures by 1,389% over the first six months of 1982. BAR figures said the 103-unit chain spent only $37,000 on television advertising between January and June last year.

Tom Roskelly, Scotty's director of advertising and public relations, questioned the estimate by BAR. He said TV ad spending has been strengthened by at least 50% this year, and not by the percentage shown by BAR, and could only suggest that Scotty's was winding down its television advertising campaign during the period last year.

Scotty's current campaign is being aimed primarily at the Standard Metropolitan Statistical Areas surrounding Orlando and Dayton, and Tampa and St. Petersburg, partly in response to Home Depot's move into the area. Scotty's also has launched one-month spot support for special promotions in West Palm Beach and Tallahassee.

Scott's, the 17-unit home center chain from Linthicum, Md., found itself at No. 13 on the list after launching its first organized television ad campaign in February. TVB estimated the company's spending at $210,100, compared to $23,400 for the same period last year. This year's campaign includes 15 to 20 10- and 30-second spots aired on each of six stations in the Washington-Baltimore Area (*NHCN*, April 25).

The new campaign was said to have been precipitated by both Scott's growth from an eight-store chain in 1981 and an increase in television usage by its competitors, namely Hechinger and Mr. Goodbuys, who rank ninth and 11th, respectively.

House Works, the W. R. Grace retail warehouse subsidiary which opened its first unit March 16 in Harvey, La., ranked in 14th position. The chain spent $208,700 on television advertising during a four-month period ending in June, according to TVB.

Meanwhile, the bureau reported that former Grace executive Frank Denny and his new Home Centers of America company spent approximately $84,000 on television commercials in May and June. Spending preceded the grand opening of the company's first Home Pro Warehouse, which opened its doors in San Antonio just before Memorial Day. Home Pro's spending did not qualify it for the top 15 list, however.

Three home center chains, including Knox Lumber, Handy Dan and Lindsley, fell from the list altogether. Knox had made its debut on the list during the first quarter of this year, when it spent $105,300 on the broadcast medium and held a 12th place ranking.

Handy Dan, whose television advertising commitment rose by about 124% over the first six months of 1982, missed the list by one position. Ranked just behind last-place Pay N' Pak, the San Antonio-based Grace subsidiary spent about $165,900 on TV during the first half of this year, compared to an estimated $73,900 spent between January and June last year.

Handy Dan ranked 13th on the list for the first quarter of 1983.

First half TV ad spending

Chain	Expenditures Jan./June 83	 Jan./June 82	% change
1. Payless Cashways*	$2,314,700	$ 351,800	+ 558
Lumberjack	212,200	187,800	+ 13
2. Sutherland Lumber	1,455,400	592,000	+ 146
3. Builders Emporium	1,380,200	1,008,400	+ 37
4. Home Depot	877,800	570,700	+ 54
5. National Lumber	711,800	612,300	+ 16
6. Lowe's	630,300	209,400	+ 201
7. Plywood Minnesota	582,000	577,900	+ 1
8. Scotty's	550,800	37,000	+1,389
9. Hechinger	547,100	532,100	+ 3
10. Ole's Home Centers	379,900	473,600	− 20
11. Mr. Goodbuys	378,500	228,600	+ 66
12. Menard Cashway	253,300	206,700	+ 23
13. Scott's	210,100	23,400	+ 798
14. House Works	208,700	—	—
15. Pay 'N Pak	206,800	204,500	+ 1

*Does not include Lumberjack, acquired by Payless in January 1983

Source: Television Bureau of Advertising from analysis of Broadcast Advertisers Reports data; *NHCN* chart

Leading television advertisers in the home center industry spent a total of $10.9 million on the medium in the first half of the year. Topping the list was Payless Cashways, whose $2.3 million expenditure nearly matched that posted by the industry's largest TV advertiser for all of 1982.

18% to 20% sales gains predicted in 1983 by companies

(Continued from page 1)

owns *NHCN*, among other business and trade publications.

One-third of the home center companies polled expect sales gains between 10% and 19%. About one quarter of all companies surveyed predicted their sales would climb by 20% to 29% this year.

The median rate of increase among all firms projecting higher sales in 1983 was 18.2%.

Companies catering exclusively to contractors expect the largest per cent increase in sales this year, according to the survey. The median sales boost predicted by those stores is 22% compared with 18.3% for total consumer outlets and 16.9% for units that cater to both markets.

When the companies are broken down regionally, it appeared that those in the Western and Southern States were the most optimistic about sales. Almost one-third of the home center stores in each region thought their volume would jump 20% to 29% ahead of 1982 figures. The median sales gains anticipated by both Western and Southern home center companies hovered around 21%.

On the other hand, nearly one-fourth of the Northeastern companies polled expected their stores' sales would increase by less than 10%.

Sales gains expectations are also related to company size. Nearly two-fifths of companies with annual sales over $10 million expect their volume to grow 10% to 19% in 1983. Interestingly, 4 out of 10 of the smallest companies, with sales under $1 million, also predict sales gains in that range.

However, over 35% of moderate size companies, with yearly sales of $1 million to $3 million, expected their volume to go up between 20% to 29% this year.

When asked what market conditions were the basis for their sales predictions, home centers most frequently pointed to improvement in the housing market. That view was especially true of stores located in the South, where the housing start rate is the highest in the nation, and the North Central States, where home building activity has begun to pick up.

Not surprisingly, close to 60% of contractor-oriented home centers anticipating higher sales this year, did so based on the performance they were witnessing in the housing market. Consumer-oriented stores were more likely to view general economic improvement as the reason for their sales gains.

Overall, 32% of those home centers claiming their stores will have sales increases this year said the main reason would be because of the housing market, followed by another 28% that thought the upturn throughout the economy would result in sales gains.

Almost 20% of the home center stores singled out lower interest rates as having a positive impact on their volume. That perception was especially strong among moderate-sized companies. One-third of home centers whose parent companies have sales between $3 million and $10 million, made the connection between interest rates and their sales.

Store performance was considered a strong factor in sales improvement by about 13% of companies overall and by 3 out of 10 whose stores sell to both consumers and contractors. The smaller operations, whose companies had annual sales of $1 million or less, also strongly pointed to the accomplishments of their stores' operations to explain sales increases this year.

While only about 1 out of every 10 stores thought that increased home remodeling and repair activity would account for its sales gains, more than one-fourth of the home centers in the Northeastern states—where homes are often older and in need of more fixing up—felt that expanded DIY activity among their customers was a strong factor in this year's sales gains.

Diamond Int'l selling its 97 home centers

(Continued from page 1)

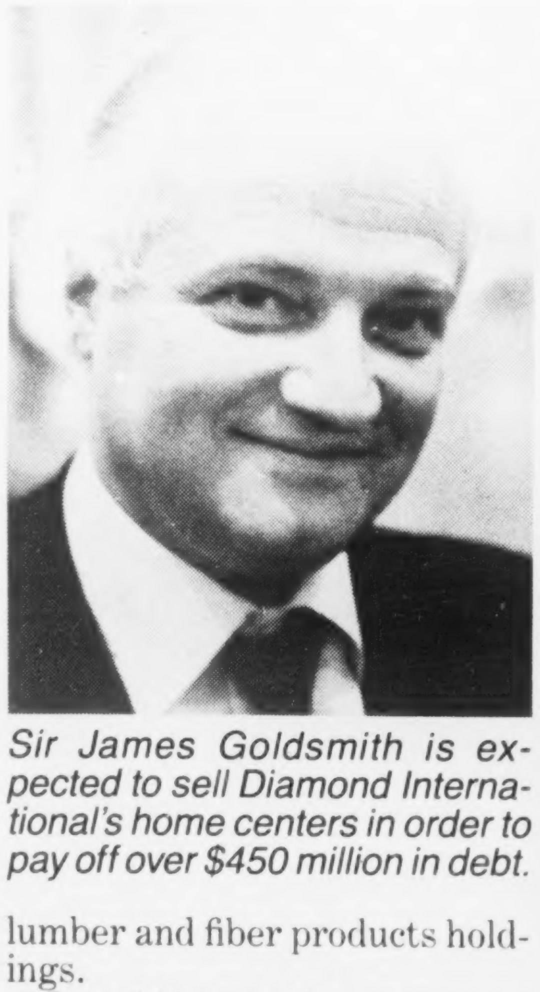
does about two-thirds of its business with builders.

To ease the situation, the chain, especially in the West, embarked on merchandising and advertising programs (*NHCN*, March 28), designed to boost consumer sales. Officials were reporting successful results with the program.

Originally, Goldsmith intended to retain the retail group which had been designated as one of the "core" businesses of Diamond International.

The future turned ominous, however, in an announcement at Diamond's annual meeting last year, which said, "If present adverse economic conditions continue to prevail for a significant period or if the bank borrowings incurred to finance the acquisition of shares of Diamond common stock in the merger are not otherwise repaid or refinanced, DUSA (Diamond International's parent) may be compelled to sell some portions of the core businesses."

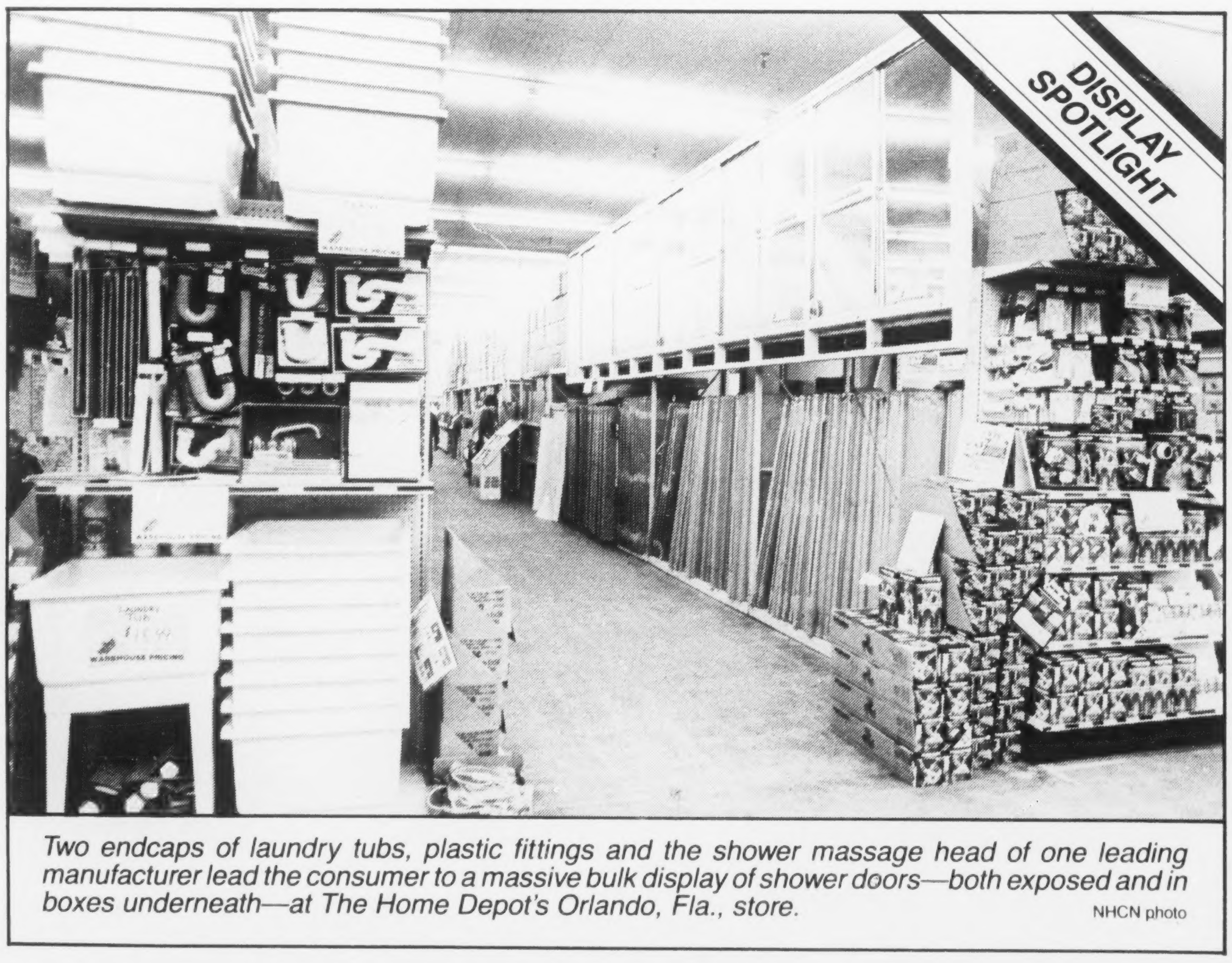
Since then, Diamond has already sold two of the four so-called "core" businesses. It now remains only with timberlands, lumber and fiber products holdings.



Sir James Goldsmith is expected to sell Diamond International's home centers in order to pay off over $450 million in debt.

In addition, the company hastened a retail consolidation program designed to eliminate less productive, sometimes unprofitable, units from the chain. The closing or sale of about 25 stores apparently reached a conclusion this past summer when Diamond officials announced they would sell nine units in the Northwest (*NHCN*, July 18).

Since April 1982, Diamond has sold off: its U.S. Playing Card subsidiary, Heekin Can; its packaging products, corrugated container, paperboard and graphic arts divisions; its Diamond Automation packaging division; its match division, and the other two "core" businesses, the Calmar packaging division in June and its major pulp and paper holdings in July.



Two endcaps of laundry tubs, plastic fittings and the shower massage head of one leading manufacturer lead the consumer to a massive bulk display of shower doors—both exposed and in boxes underneath—at The Home Depot's Orlando, Fla., store. NHCN photo